

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

)	
)	Chapter 11
In re:)	
)	Case No. 15-22017 (RDD)
J&B PARTNERS MANAGEMENT, LLC, <i>et al.</i> , ¹)	
)	(Joint Administration Requested)
Debtors.)	

**DECLARATION OF DAWN PETITE, CHIEF OPERATING OFFICER OF
THE DEBTORS IN SUPPORT OF DEBTORS'
CHAPTER 11 PETITIONS AND FIRST DAY MOTIONS**

I, Dawn Petite, hereby declare under penalty of perjury:

1. I am the Chief Operating Officer of J & B Partners Management LLC, J & B Restaurant Partners of NYDMA LLC, J & B Restaurant Partners of NJ, LLC, J & B Restaurant Partners of Long Island Holding Co., LLC, J & B Restaurant Partners of Long Island, LLC, J & B Restaurant Partners of Long Island II, LLC, J & B Real Estate Partners of Long Island, LLC, J & B Real Estate Partners of Long Island II, LLC, J & B Restaurant Partners of Massapequa Park, LLC, J & B Restaurant Partners of Middle Island, LLC, J & B Restaurant Partners of Shirley, LLC, limited liability companies organized under the laws of Delaware and the above-captioned debtors

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: J & B Partners Management LLC (1366); J & B Restaurant Partners of Long Island Holding Co., LLC (8712); J & B Restaurant Partners of NYDMA, LLC (7161); J & B Restaurant Partners of Massapequa Park, LLC (5849); J & B Restaurant Partners of Middle Island, LLC (4746); J & B Restaurant Partners of Shirley, LLC (3799); J & B Restaurant Partners of Long Island, LLC (8717); J & B Restaurant Partners of Long Island II, LLC (9901); J & B Real Estate Partners of Long Island, LLC (4550); J & B Real Estate Partners of Long Island II, LLC (9904); J & B Restaurant Partners of NJ, LLC (4102). The location of the Debtors' corporate headquarters and the Debtors' service address is: 4000 Veterans Memorial Hwy, 2nd Floor, Bohemia, New York, 11716.

and debtors in possession (collectively, the “Debtors”). In this capacity, I am familiar with the Debtors’ day-to-day operations, businesses, financial affairs, and books and records.

2. On the date hereof (the “Petition Date”), the Debtors each filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. Concurrently herewith, the Debtors filed a motion seeking joint administration of these chapter 11 cases pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

3. I submit this declaration (this “First Day Declaration”) to provide an overview of the Debtors and these chapter 11 cases and to support the Debtors’ chapter 11 petitions and “first day” motions (each, a “First Day Motion,” and collectively, the “First Day Motions”).² Except as otherwise indicated herein, all facts set forth in this First Day Declaration are based upon my personal knowledge of the Debtors’ operations and finances, information learned from my review of relevant documents, information supplied to me by other members of the Debtors’ management and the Debtors’ advisors, or my opinion based on my experience, knowledge, and information concerning the Debtors’ operations and financial condition. I am authorized to submit this First Day Declaration on behalf of the Debtors, and, if called upon to testify, I could and would testify competently to the facts set forth herein.

I. General Background.

A. Debtors’ Business and Overview.

4. The Debtors operate as franchisees of Friendly’s, a leading full-service, family-oriented restaurant chain. Recently, the Debtors operated 36 restaurants in three states.

² All capitalized terms used but otherwise not defined herein shall have the meanings set forth in the relevant First Day Motion.

Immediately prior to the Petition Date, the Debtors closed 12 stores such that on the Petition Date, they operated 24 stores in two states. The Debtors are headquartered in Bohemia, NY.

5. The Debtors pride themselves for having a strong reputation for offering customers a family-oriented casual dining experience at value prices that emphasize comfort food and dessert items made from Friendly's own signature premium ice cream. Meal offerings include handhelds (sandwiches, burgers, and melts), plated entrees, baskets, entree salads, and appetizers; however, the main focus of the menu is centered on premium ice cream products.

6. As discussed in further detail below, in the years leading up to the Petition Date, the significant U.S. economic downturn hit the restaurant industry hard, including the Debtors' business. As unemployment levels skyrocketed, discretionary spending by historically-loyal customers and other consumers dropped, leading to depressed restaurant sales and reduced consumer traffic. As the economy has recovered, consumers are continuing to seek out less expensive dining options.

7. The Debtors have engaged in significant cost-cutting and overhead reduction programs to mitigate the effects of decreased revenue on their business. However, with the continued effects of the poor economy and general softness in the midscale restaurant market, overall profitability and liquidity suffered significantly. In the first three quarters of 2014, the Debtors generated approximately \$46.189 million in revenue and negative EBITDA of approximately \$1.583 million.

8. The Debtors' liquidity has suffered and the Debtors have struggled to meet their debt service, franchise and unsecured obligations. In consultation with their professionals and after careful examination by the Debtors' management team, the Debtors determined that

chapter 11 provides the necessary tools to preserve asset value and accomplish a meaningful operational restructuring on an expedited basis.

B. The Debtors' Prepetition Organizational Structure.

9. The chart attached hereto as Exhibit A depicts the Debtors' prepetition organizational structure.

C. The Debtors' Prepetition Capital Structure.

10. As of the Petition Date, the Debtors have outstanding secured debt obligations in the aggregate principal amount of approximately \$14.6 million, consisting of four loans with General Electric Capital Corporation or its affiliate(s) ("GE").

1. The September 28, 2008 Loans

11. On or about September 28, 2008, J & B Restaurant Partners of Long Island Holding Co., LLC, one of the Debtors, and GE entered into that certain Loan Agreement (together with the Note, Security Agreement, and other ancillary documents, the "First GE Loan Documents") in the approximate amount of \$9.016 million (the "First GE Loan") in connection with the refinance of certain existing debt. The First GE loan was guaranteed by, amongst others, J & B Restaurant Partners of Long Island, LLC, J & B Restaurant Partners of Long Island II, LLC, J & B Real Estate Partners of Long Island, LLC, J & B Real Estate Partners of Long Island II, LLC, J & B Restaurant Partners of Massapequa Park, LLC, and J & B Restaurant Partners of Middle Island, LLC.

12. On or about September 28, 2008, J & B Restaurant Partners of Long Island Holding Co., LLC, one of the Debtors, and General Electric Capital Corporation entered into that certain Loan and Security Agreement (together with the Note, Security Agreement, and other ancillary documents, the "Second GE Loan Documents") in the approximate amount of \$7.76 million (the "Second GE Loan") in connection with the refinance of certain existing debt. The Second GE loan was, similar to the First GE Loan, guaranteed by, amongst others, J & B Restaurant Partners of

Long Island, LLC, J & B Restaurant Partners of Long Island II, LLC, J & B Real Estate Partners of Long Island, LLC, J & B Real Estate Partners of Long Island II, LLC, J & B Restaurant Partners of Massapequa Park, LLC, and J & B Restaurant Partners of Middle Island, LLC.

13. On or about December 23, 2009, J & B Restaurant Partners of Shirley, LLC (“Shirley”) and GE entered into that certain Development Line of Credit Loan Agreement (together with the Note, Security Agreement, and other ancillary documents, the “Third GE Loan Documents”) in the approximate amount of \$1.2 million (the “Third GE Loan”) in connection with the development of Shirley’s restaurant location. The Third GE loan was, similar to the First and Second GE Loan, guaranteed by, amongst others, J & B Restaurant Partners of Long Island Holding Co., LLC, J & B Restaurant Partners of Long Island, LLC, J & B Restaurant Partners of Long Island II, LLC, J & B Real Estate Partners of Long Island, LLC, J & B Real Estate Partners of Long Island II, LLC, J & B Restaurant Partners of Massapequa Park, LLC, and J & B Restaurant Partners of Middle Island, LLC, in addition to J & B Restaurant Partners Management LLC.

14. On or about September 30, 2011, J & B Restaurant Partners of NYDMA LLC and J & B Restaurant Partners of NJ, LLC, along with other non-filing affiliates, and GE Capital Financial Inc. entered into that certain Development Line of Credit Loan Agreement (together with the Note, Security Agreement, and other ancillary documents, the “Fourth GE Loan Documents”) in the approximate amount of \$1.2 million (individually, the “Fourth GE Loan” and collectively, with the First GE Loan, Second GE Loan, and Third GE Loan, the “GE Prepetition Loans”) in connection with the development of multiple restaurant locations. The Third GE loan was, similar to the First, Second and Third GE Loan, guaranteed by, amongst others, J & B Restaurant Partners of Long Island Holding Co., LLC, J & B Restaurant Partners of Long Island, LLC, J & B Restaurant Partners of Long Island II, LLC, J & B Real Estate Partners of Long Island, LLC, J &

B Real Estate Partners of Long Island II, LLC, J & B Restaurant Partners of Massapequa Park, LLC, J & B Restaurant Partners of Middle Island, LLC, and J & B Restaurant Partners Management LLC, in addition to J & B Restaurant Partners of Shirley, LLC, however the guarantees are coupled with a pledge of assets.

15. The Security Agreements associated with the GE Prepetition Loans grant a security interest in and liens upon all or substantially all of the assets of the Debtors. Prior to the Petition Date, GE and its affiliates are Debtors' first lien secured creditor.

2. The Owner Loans.

16. In the fall of 2013, non-Debtor affiliate entities of the Debtors disposed of certain assets. In connection with this disposition, the net proceeds of approximately \$2.15 million from the sales were to be distributed to the holders of the equity of J & B Partners Holding Co., LLC (the non-debtor ultimate parent company to the Debtors). The equity holders ultimately determined to lend these net proceeds to entities operated by the direct and indirect subsidiaries of the ultimate parent company, including certain Debtors. As of the Petition Date, there has been no repayment of these funds to the ultimate parent company and/or its equity holders.

D. The Debtors' Prepetition Franchise/License Agreements

17. The Debtors have operated multiple Friendly's restaurants since 2001 pursuant to individualized franchise agreements with Friendly's Franchising, LLC or its predecessors ("Friendly's"). On or about August 4, 2014, Debtors and Friendly's entered into that certain License Agreement (as amended, modified or extended from time to time, the "License Agreement"). A true and correct copy of the License Agreement, together with all amendments, is attached hereto as **Exhibit B**. The term of the License Agreement was one week and could be extended in writing by Friendly's Franchising for additional one week periods. Friendly's

Franchise has timely extended the License Agreement on a weekly basis through the Petition Date. The current License Agreement terminates, if not extended, on January 8, 2015.

II. Events Leading to these Chapter 11 Cases.

18. Over the course of the last few years, a series of factors have contributed to the Debtors' need to file these chapter 11 cases, including, most notably, declining restaurant sales. These events placed significant strain on the Debtors' business and liquidity, and ultimately led to the filing of these chapter 11 cases.

A. Declining Restaurant Sales.

19. In the years leading up to the Petition Date, the significant U.S. economic downturn hit the restaurant industry hard, including the Debtors' business. As unemployment levels skyrocketed, discretionary spending by historically-loyal customers and other consumers dropped, leading to depressed restaurant sales and reduced consumer traffic. As the economy has recovered, consumers are continuing to seek out less expensive dining options.

20. In the first nine months of 2014, the Debtors reported a 13.4% decline in same store sales, following same store sales declines of 6.8% percent in 2013. These decreases were driven by a decline in guest traffic.

B. The 2011 Location Expansion

21. As referenced above, the Debtors were also impacted negatively by an expansion of their operations in 2011. Prior to the expansion, the Debtors operated 32 stores in Nassau and Suffolk Counties on Long Island, New York. In mid-2011, certain of the Debtors purchased approximately 30 restaurants for the aggregate purchase price of \$2.365 million, doubling the number of stores and expanding the geographic footprint into upstate New York, Connecticut and New Jersey. The negative impact of the economic downturn was thus magnified with the increased

number of stores. As locations were determined not to be economically viable, the Debtors sold or closed locations strategically.

C. Rise in Cost of Goods Sold.

22. The Debtors are required to purchase virtually all of their food from the franchisor. Prices are set by the franchisor and are, in practice, adjusted monthly to reflect market conditions.

23. The increase in the cost of certain items or components of items the Debtors sell, principally milk, cream, and meats, had an adverse impact on the Debtors' operating results for several years. In the two years preceding the Petition Date, the price of butter (which drives the price of cream) increased by 50% percent, while the price of milk increased by 30% percent.

24. In addition, to stimulate sales, the Debtors have implemented strategies to drive traffic to the stores including discounting and coupons.

25. The combination of higher costs and discounted prices to the consumer have resulted in increases in the percentage of Cost of Goods Sold, from 26.2% in 2012 to 27.1% in 2014.

D. Debtors' Restructuring Efforts

26. The Debtors have engaged in significant cost-cutting and overhead reduction programs to mitigate the effects of decreased revenue on their business. However, with the continued effects of the poor economy and general softness in the midscale restaurant market, overall profitability and liquidity continues to suffer. In the first three quarters of 2014, the Debtors generated approximately \$46.189 million in revenue and negative EBITDA of approximately negative \$1.583 million.

27. Throughout the economic recession and leading to the Petition Date, the Debtors' management has focused on introducing new and strategic initiatives to combat the fall in

consumer spending and improve guest traffic. Such initiatives include, amongst others, local marketing campaigns and new bundling strategies.

E. The Debtors' Prepetition Restructuring Negotiations.

28. The events leading up to the bankruptcy made it increasingly difficult for the Debtors' to service their debt obligations. Ultimately, the Debtors' management determined that they could not meet their liquidity needs going forward. Faced with severe liquidity shortfalls, the Debtors consulted with their advisors to determine the best strategy to preserve value for the benefit of the Debtors' creditor constituencies.

29. To that end, after careful review, the Debtors, in consultation with their advisors, determined that a chapter 11 filing, combined with an expedited operational restructuring, was the best and most efficient way to maximize a return for the Debtors, their estates, and all parties-in-interest. Over the past year, the Debtors and their advisors have explored alternatives, including restructure and complete liquidation. The restructure efforts have been fruitful, and the Debtors have entered into a plan term sheet with key creditor constituencies, namely GE and Friendly's. A copy of the Summary of Plan Term (the "Plan Term Sheet") is attached hereto as Exhibit ___. As a part of the Plan Term Sheet, Debtors have secured debtor-in- possession financing to fund the chapter 11 cases and the restructure and also a short term postpetition license agreement, coupled with an agreement for a longer term post-Effective Date franchise or license agreement with Friendly's. The Plan Term Sheet provides a return to unsecured creditors, a result not obtainable in any other alternative to the filing of these Chapter 11 cases.

F. Affiliate Bankruptcy Filing.

30. On or about October 1, 2014, an affiliate of the Debtors, J & B Restaurant Partners of NY, LLC ("J & B NY"), filed a voluntary chapter 7 petition in this Court. J & B NY is a wholly

owned subsidiary of J & B Restaurant Partners NYDMA LLC and all of the Debtor entities share common upstream, direct or indirect ownership with each other. See Exhibit ____.

III. Evidentiary Support for First Day Motions.³

31. Concurrently with the filing of their chapter 11 petitions, the Debtors have filed a number of First Day Motions seeking relief that the Debtors believe is necessary to enable them to operate with minimal disruption and loss of productivity. The Debtors request that the relief requested in each of the First Day Motions be granted as critical elements in ensuring a smooth transition into, and stabilizing and facilitating the Debtors' operations during the pendency of these chapter 11 cases. I have reviewed each of the First Day Motions discussed below and the facts set forth in each First Day Motion are true and correct to the best of my knowledge and belief with appropriate reliance on corporate officers and advisors.

A. Debtors' Motion for Entry of an Order Directing Joint Administration of Their Chapter 11 Cases (the "Joint Administration Motion").

32. The Debtors request entry of an order directing joint administration of these chapter 11 cases for procedural purposes only pursuant to Bankruptcy Rule 1015(b). Specifically, the Debtors request that the Court maintain one file and one docket for all of these chapter 11 cases under the case of J & B Partners Management LLC and also request that an entry be made on the docket of each of the Debtors' chapter 11 cases, other than J & B Partners Management LLC, to reflect the joint administration of these chapter 11 cases.

33. Given the integrated nature of the Debtors' operations, joint administration of these chapter 11 cases will provide significant administrative convenience without harming the substantive rights of any party in interest. Many of the motions, hearings, and orders that will arise

³ Capitalized terms used in this section and not otherwise defined shall have the meanings ascribed to them in the applicable motion.

in these chapter 11 cases will jointly affect J & B Partners Management LLC and each of its affiliates that also have filed chapter 11 cases. The entry of an order directing joint administration of these chapter 11 cases will reduce fees and costs by avoiding duplicative filings and objections and will allow the U.S. Trustee and all parties in interest to monitor these chapter 11 cases with greater ease and efficiency.

34. I believe that the relief requested in the Joint Administration Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Joint Administration Motion should be approved.

B. Debtors' Motion to Authorize Maintenance of Certain Prepetition Bank Accounts and Cash Management System (the "Cash Management Motion").

35. The Debtors request the authority to: (a) continue to use, with the same account numbers, all of the Bank Accounts in their Cash Management System; (b) treat the Bank Accounts for all purposes as accounts of the Debtors as debtors in possession; (c) open new debtor-in-possession accounts, if needed; (d) use, in their present form, all correspondence and business forms (including check stock, letterhead, purchase orders, and invoices) and other documents related to the Bank Accounts existing immediately before the Petition Date, without reference to the Debtors' status as debtors in possession; and (e) continue performing Intercompany Transactions in the ordinary course of business.

36. In addition, the Debtors further request that the Court authorize the Banks to: (a) continue to maintain, service, and administer the Bank Accounts; and (b) debit the Bank Accounts in the ordinary course of business on account of (i) checks drawn on the Bank Accounts that are presented for payment at the Banks or exchanged for cashier's checks prior to the Petition

Date; (ii) checks or other items deposited in the Bank Accounts prior to the Petition Date that have been dishonored or returned unpaid for any reason (including associated fees and costs), to the same extent the Debtors were responsible for such items prior to the Petition Date; and (iii) undisputed, outstanding service charges owed to the Banks as of the Petition Date on account of the maintenance of the Debtors' Cash Management System, if any.

37. In the ordinary course of business, the Debtors utilize an integrated Cash Management System to collect, transfer, and disburse funds generated by their operations and maintain current and accurate accounting records of all daily cash transactions. If the Debtors were required to comply with the U.S. Trustee Guidelines, the burden of opening new accounts, revising cash management procedures, instructing customers to redirect payments, and the immediate ordering of new checks with a "Debtor in Possession" legend, would disrupt the Debtors' business at this critical time. The Debtors respectfully submit that parties in interest will not be harmed by their maintenance of the existing Cash Management System, including their Bank Accounts, because the Debtors have implemented appropriate mechanisms to ensure that unauthorized payments will not be made on account of obligations incurred prior to the Petition Date.

38. In addition, in the ordinary course of business, the Debtors maintain a large and complex system of Intercompany Transactions for, among other reasons, facilitating intercompany sales, centralizing accounting and purchasing departments, and moving cash between entities. If the Intercompany Transactions are discontinued, a number of services provided by and to the Debtors would be disrupted and could affect the Debtors' ability to pay wages and benefits to their employees and make timely payments to vendors.

39. The relief requested in the Cash Management Motion is vital to ensuring the Debtors' seamless transition into bankruptcy. Authorizing the Debtors to maintain their Cash Management System will avoid many of the possible disruptions and distractions that could divert their attention from more critical matters during the initial days of these chapter 11 cases.

40. I believe that the relief requested in the Cash Management Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Cash Management Motion should be approved.

C. Debtors' Motion for Entry of an Order Authorizing the Payment of Prepetition (A) Wages, Salaries, and Other Compensation; (B) Reimbursable Employee Expenses, and (C) Employee Medical and Similar Benefits (the "Wages and Benefits Motion").

41. The Debtors request the authority, in their sole discretion, to pay prepetition claims, honor obligations, and to continue programs, in the ordinary course of business and consistent with past practices, relating to the Employee Wages and Benefits.

42. As of the Petition Date, the Debtors employ approximately 1,400 employees, of which approximately 1,350, or about 96.4% percent, are paid on an hourly basis and approximately 50, or about 3.6%, are paid on a salaried basis. Although the Debtors have paid their wage, salary, and other obligations in accordance with their ordinary compensation schedule prior to the Petition Date, as of the date hereof, certain prepetition obligations for Employees may nevertheless be due and owing.

43. The majority of the Debtors' Employees rely exclusively on their compensation, benefits, and reimbursement of expenses to satisfy their daily living expenses. Consequently, these Employees will be exposed to significant financial difficulties if the Debtors are not permitted to honor obligations for unpaid compensation, benefits, and reimbursable expenses. Moreover, if the

Debtors are unable to satisfy such obligations, Employee morale and loyalty will be jeopardized at a time when Employee support is critical to the Debtors. In the absence of such payments, the Debtors believe their Employees may seek alternative employment opportunities, perhaps with the Debtors' competitors, thereby hindering the Debtors' ability to meet their customer obligations and likely diminishing creditors' confidence in the Debtors. Moreover, the loss of valuable Employees and the recruiting efforts that would be required to replace such Employees would be a substantial and costly distraction at a time when the Debtors should be focusing on stabilizing their operations.

44. I believe that the relief requested in the Wages and Benefits Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Wages and Benefits Motion should be approved.

D. Debtors' Motion for Entry of an Order Authorizing the Debtors to Pay Certain Prepetition Taxes and Fees (the "Taxes and Fees Motion").

45. The Debtors request authority to pay any Taxes and Fees that, in the ordinary course of business, accrued or arose before the Petition Date. In the ordinary course of business, the Debtors incur or collect certain Taxes and Fees and remit such Taxes and Fees to various authorities. The Debtors must continue to pay the Taxes and Fees to continue operating in certain jurisdictions and to avoid costly distractions during these chapter 11 cases. Specifically, the Debtors' failure to pay the Taxes and Fees could affect adversely the Debtors' business operations because the authorities could suspend the Debtors' operations, file liens, or seek to lift the automatic stay. In addition, certain authorities may take precipitous action against the Debtors' directors and officers for unpaid Taxes that undoubtedly would distract those individuals from their duties related to the Debtors' restructuring.

46. The Debtors have attached a comprehensive list of the Taxes to the Taxes and Fees Motion. At this time, the Debtors are not able to attach a comprehensive list of the Fees or the amounts outstanding on account of the Fees as of the Petition Date. The Debtors will endeavor to update the Court with this information as soon as is practical.

47. I believe that the relief requested in the Taxes and Fees Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Taxes and Fees Motion should be approved.

E. Debtors' Motion for Entry of Interim and Final Orders Determining Adequate Assurance of Payment for Future Utility Services (the "Utilities Motion").

48. The Debtors request the entry of interim and final orders: (a) determining that the Utility Providers have been provided with adequate assurance of payment within the meaning of section 366 of the Bankruptcy Code; (b) approving the Debtors' proposed offer of adequate assurance and procedures governing the Utility Providers' requests for additional or different adequate assurance; (c) prohibiting the Utility Providers from altering, refusing, or discontinuing services on account of prepetition amounts outstanding and on account of any perceived inadequacy of the Debtors' proposed adequate assurance pending entry of the Final Order; (d) establishing procedures for the Utility Providers to object to the Debtors' proposed adequate assurance procedures; and (e) determining that the Debtors are not required to provide any additional adequate assurance beyond what is proposed by this Motion, pending entry of the Final Order; and (f) setting a final hearing (the "Final Hearing") within 30 days of the Petition Date.

49. In the ordinary course of business, the Debtors incur expenses for gas, water, sewer, electric, telecommunications, and other similar utility services provided by approximately 30 utility providers. Uninterrupted utility services are essential to the Debtors' ongoing operations

and, therefore, to the success of their reorganization. Indeed, any interruption of utility services, even for a brief period of time, would negatively affect the Debtors' operations, customer relationships, revenues, and profits, seriously jeopardizing the Debtors' reorganization efforts and, ultimately, value and creditor recoveries. It is, therefore, critical that utility services continue uninterrupted during these chapter 11 cases.

50. I believe and am advised that the Debtors' proposed offer of adequate assurance and procedures governing the Utility Providers' requests for additional or different adequate assurance are necessary in these chapter 11 cases, because if such procedures were not approved, the Debtors could be forced to address numerous requests by the Utility Providers in a disorganized manner during the critical first weeks of these chapter 11 cases. Moreover, a Utility Provider could blindside the Debtors by unilaterally deciding—on or after the 30th day following the Petition Date—that it is not adequately assured of future performance and discontinuing service or making an exorbitant demand for payment to continue service. Discontinuation of utility service could shut down operations, and any significant disruption of operations could jeopardize a successful reorganization in these chapter 11 cases.

51. I believe that the relief requested in the Utilities Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the Utilities Motion should be approved.

F. Debtors' Motion for Interim and Final Orders (I) Authorizing the Debtors to Pay Certain Prepetition Claims (A) Arising Under the Perishable Agricultural Commodities Act and (B) Arising Under Section 503(b)(9) of the Bankruptcy Code and (II) Granting Certain Related Relief (the "PACA Motion").

52. The Debtors request the authority to (a) pay prepetition claims arising, or of the type, under the Perishable Agricultural Commodities Act of 1930 ("PACA") and (b) satisfy claims subject to section 503(b)(9) of the Bankruptcy Code.

53. The Debtors rely on one key seller – Friendly's Ice Cream, LLC -- who supplies the Debtors with fruits and vegetables protected by PACA and who may be eligible to assert PACA Claims against the Debtors in priority ahead of all other secured and unsecured creditors in the Debtors' chapter 11 cases. In addition, the Debtors have received goods delivered within the twenty-day period prior to the Petition Date that may be entitled to administrative priority under section 503(b)(9) of the Bankruptcy Code.

54. The Debtors receive their non-PACA Claims food and non-perishable goods, such as branded items utilized in the operation of the restaurants and paper goods, exclusively from Friendly's. Because Friendly's supplies the Debtors with virtually all of their goods, Friendly's continued supply is a necessary to the Debtors' continued operation. Without the ability to pay these claims in the ordinary course of Debtor's business, Friendly's may cease delivery of goods and providing services to the Debtors, which would have devastating consequences for the Debtors' efforts in continuing with these chapter 11 cases.

55. Without the relief granted in the PACA Motion, certain vendors may refuse to supply essential food, product, and supplies. Failure to receive these services could cause serious disruptions to the continuous and timely flow of food, product, and supplies essential to the Debtors' business. Paying the prepetition obligations owed to the PACA Vendor and holders of claims subject to section 503(b)(9) of the Bankruptcy Code in the ordinary course of business will

thus benefit the Debtors' estates and their creditors by allowing the Debtors' business operations to continue without interruption.

56. I believe that the relief requested in the PACA Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the PACA Motion should be approved.

G. Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing Debtors to Obtain Postpetition Financing, (II) Authorizing Use of Cash Collateral, (III) Granting Adequate Protection to Prepetition Secured Parties, and (IV) Granting Liens and Superpriority Claims (the "DIP Motion").

57. The Debtors request the authority to (a) obtain postpetition financing on a senior secured, superiority basis, (b) use Cash Collateral, and (c) grant adequate protection to certain prepetition secured parties relating to the potential diminution in value of the Prepetition Collateral and the Debtors' use of the Cash Collateral. The Debtors need financing to fund the administration of these chapter 11 cases.

58. Without access to the DIP Facility, the Debtors could experience a liquidity shortfall and would be deprived of the capital necessary to operate their businesses. The DIP Facility will provide the funding necessary to allow the Debtors to, among other things, maintain their businesses in the ordinary course, thereby preserving value for the benefit of all creditor constituencies. The DIP Facility also will enhance the Debtors' ability to minimize disruption to their businesses and instill confidence in their various creditor constituencies, including customers, employees, vendors, and service providers. In sum, approval of the DIP Facility is necessary to avoid erosion of value and to accomplish a seamless transition into chapter 11 and, ultimately, to new ownership through a public sale process.

59. I believe that the relief requested in the DIP Motion is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and will enable the Debtors to continue to operate their businesses in chapter 11 without disruption. Accordingly, on behalf of the Debtors, I respectfully submit that the DIP Motion should be approved.

H. Debtors' Motion for Entry of an Order Authorizing and Approving Expedited Procedures for (A) Rejection of Executory Contracts and Unexpired Leases and (B) Abandonment of Personal Property (the "Rejection Procedures Motion").

60. By the Rejection Procedures Motion, the Debtors request the entry of an order authorizing the implementation of expedited procedures to reject executory contracts and unexpired leases. Additionally, the Debtors request authority to remove any property from the premises that is the subject of any rejected Contract prior to the effective date of any proposed rejection, consistent with the Debtors' ownership rights or other property interests therein.

61. I am advised that absent the relief requested in the Rejection Procedures Motion, filing motions for each rejection would result in substantial increased costs and administrative burdens on the Debtors' estates. As such, expedited procedures for Contract rejection are appropriate and necessary to minimize the costs and administrative burden on the Debtors' estates. Accordingly, on behalf of the Debtors, I respectfully submit that the Rejection Procedures Motion should be approved.

I. Debtors' Motion for Authority to Enter Into and Approving Postpetition License Agreement with Friendly's Franchising, LLC and for Related Relief (the "Postpetition License Agreement Approval Motion").

62. By the Postpetition License Agreement Approval Motion, the Debtors request the entry of an order authorizing the Debtors to enter into and approving the postpetition license agreement with Friendly's Franchising, LLC. The use of the Friendly's brands, marks, proprietary systems and confidential information is critical to the Debtors' continued survival and operation.

Because the Debtors' no longer need the locations covered by the Leases, rejection of the Leases is a sound exercise of the Debtors' business judgment and will benefit the Debtors' estates and stakeholders.

63. I am advised that absent the relief requested in the Postpetition License Agreement Approval Motion, Debtors would cease to have authority to use Friendly's brands, marks, proprietary systems and confidential information and would result in substantial increased costs and administrative burdens on the Debtors' estates and perhaps impact the value of the Debtor's assets. As such, approval of the Postpetition License Agreement is appropriate and necessary to minimize the costs and administrative burden on and risk to the Debtors' estates. Accordingly, on behalf of the Debtors, I respectfully submit that the Postpetition License Agreement Approval Motion should be approved.

J. J & B Restaurant Partners of Long Island II, LLC's Motion for an Order Under Bankruptcy Code Sections 105(a) and 363(b) Authorizing the Debtor to Enter Into and Perform Under the Summary of Plan Terms with General Electric Capital Corporation, GE Capital Commercial of Utah, LLC, GE Capital Bank, Friendly's Franchising, LLC and Certain Consenting Parties (the "Plan Term Sheet Motion").

64. J & B Restaurant Partners of Long Island II, LLC ("Long Island II") requests the authority, to enter into and perform under a Summary of Plan Terms among (a) the Debtors (b) General Electric Capital Corporation, GE Capital Commercial of Utah LLC, and GE Capital Bank (collectively, "GE"); (c) Friendly's Franchising, LLC ("Franchisor" or "Friendly's"); (d) holders of existing equity interest in J & B Partners Holding Co., LLC (the "Owners," collectively with the Debtors, GE, and Friendly's, the "Supporting Parties")

65. Prior to commencing these Chapter 11 Cases, the Debtors entered into negotiations with GE, Friendly's and the other Supporting Parties, which included an agreement by the Supporting Parties to support an agreed upon plan as well as the provision of post-petition debtor in possession financing to the Debtors by GE. Prior to the execution of the Plan Term Sheet, Long

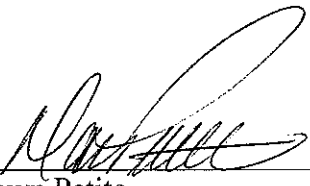
Island II commenced its Chapter 11 Case. The Plan Term Sheet provides significant benefits for Long Island II's Case. Not only does it set forth the path for an expedient exit from chapter 11, with the support of its largest secured and unsecured creditors, but it also provides Long Island II with the license agreement necessary to operate during the chapter 11 process and secures debtor in possession financing.

66. I believe that absent the Plan Term Sheet, Long Island II would be required to litigate costly issues with its major creditors. For these reasons, Long Island II seeks the relief requested by the Plan Term Sheet Motion to ensure that it will obtain the benefits provided by the Plan Term Sheet.

[Remainder of Page Intentionally Left Blank]

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing
statements are true and correct.

Dated: January 6, 2015
Bohemia, New York



Dawn Petite
Chief Operating Officer, J & B Partners
Management LLC and Each of the other Debtors

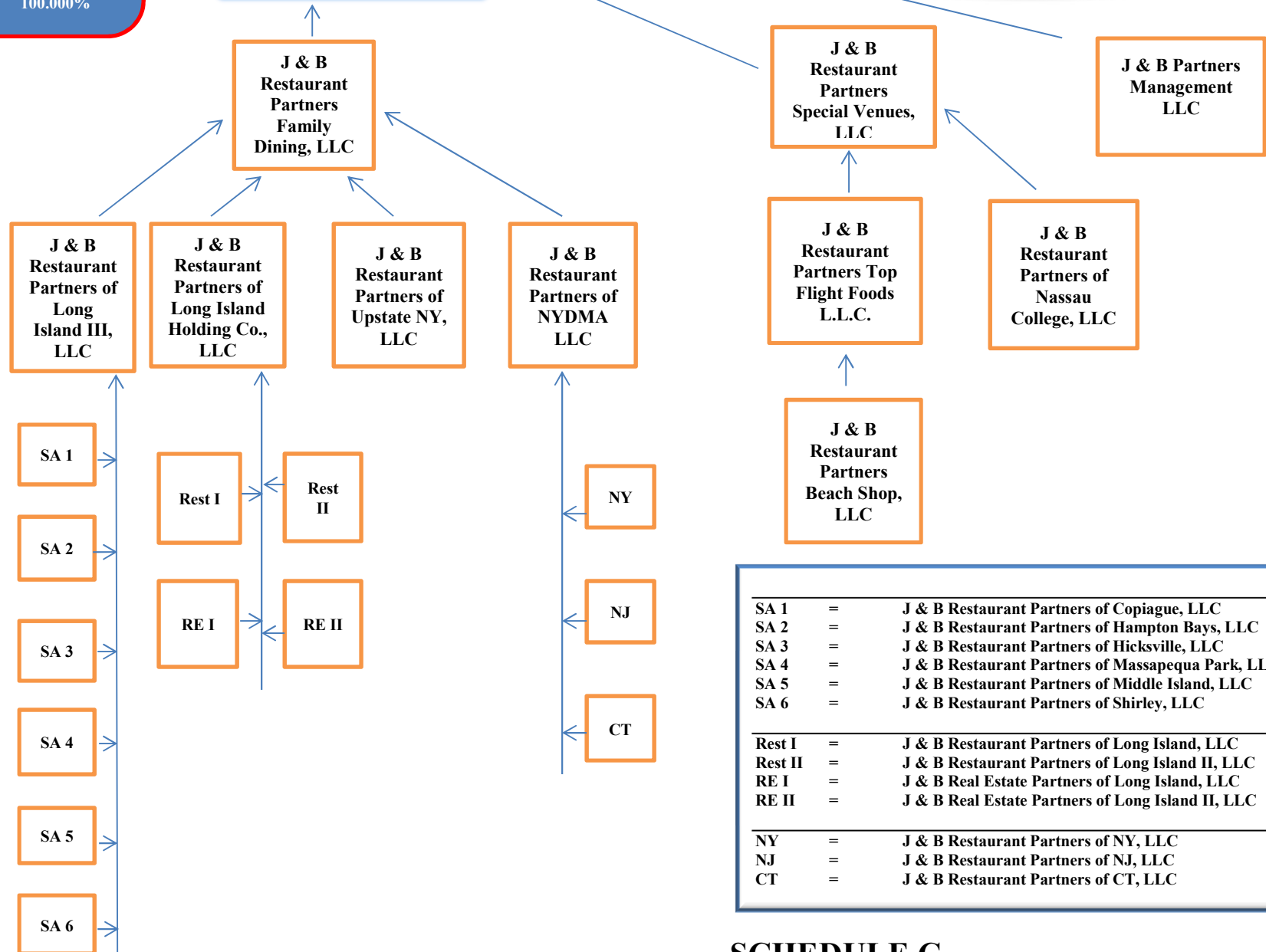
Exhibit A
Organizational Chart

Joseph Vitrano -- 20.004%
 William Murphy -- 12.973%
 JAMCO Interests LLC -- 45.739%
 James Notarnicola -- 10.184%
 William Monaco -- 7.376%
 Gerald Snearly -- 2.463%
 Gregory Kaloustian -- 1.261%

Total: 100.000%

J & B Partners Holding Co., LLC

COMPLETED (1/16/13)
J & B
Organizational
Structure



SCHEDULE C

Exhibit B

License Agreement

LICENSE AGREEMENT

This LICENSE AGREEMENT, effective as of August 4, 2014 (this "Agreement"), is entered into by and among Friendly's Franchising, LLC (as successor in interest to Friendly's Restaurants Franchise, LLC), a Delaware limited liability company (the "Company"), J&B Partners Holding Co., LLC, a New York limited liability company ("J&B Partners Holding"), J&B Restaurant Partners Family Dining, LLC, a New York limited liability company ("J&B Restaurant Partners"), and each of its subsidiaries listed on the signature page of this Agreement (each, a "J&B Entity" and together with J&B Partners Holding and J&B Restaurant Partners, the "J&B Parties").

WITNESSETH:

WHEREAS, the Company and each J&B Entity is a party to certain Franchise Agreements (as amended from time to time, collectively, the "Franchise Agreements") entered into on the dates set forth on Schedule A attached hereto for the "Friendly's" restaurants (the "Restaurants") numbered and located as set forth on Schedule A;

WHEREAS, the Company has delivered to each J&B Entity certain notices of defaults under the Franchise Agreements on each of November 14, 2013, July 1, 2014 and July 25, 2014 for the failure of each such J&B Entity to pay past due amounts pursuant to the terms of their respective Franchise Agreements (the "Specified Defaults");

WHEREAS, on the date hereof, the Company has terminated the Franchise Agreements in accordance with their terms;

WHEREAS, the J&B Parties have requested a limited, non-exclusive, license to operate each Restaurant and to use the System and the Marks in operating the Restaurants from the Company effective upon the effectiveness of the termination of the Franchise Agreements (the "License"); and

WHEREAS, subject to the terms and conditions hereof, the Company has agreed to grant the J&B Entities the License in accordance with the terms set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by all parties hereto, the parties hereto hereby agree as follows:

1. Defined Terms. Each capitalized term used herein and not otherwise defined herein shall have the meaning attributed to such term in that certain Franchise Agreement, dated as of May 23, 2011, by and between J&B Restaurant Partners of NJ, LLC and the Company for Restaurant #211, 441 Hillsdale Avenue, Hillsdale, New Jersey

07642 (the “Standard Franchise Agreement”). Each of the following capitalized terms shall have the meaning set forth below:

(a) “License Period” means the period beginning on the date hereof and ending on the License Termination Date.

(b) “License Termination Date” means the earliest to occur of (i) 5:00 p.m. (New York time) on the seventh day following the date hereof, unless the Company agrees in writing, in the Company’s sole and absolute discretion, to extend such seven day period for an additional seven day period prior to 5:00 p.m. on such date (or any successive date as a result of more than one extension agreed to by the Company), (ii) the date upon which any of the J&B Parties make an assignment for the benefit of creditors, any of the J&B Parties file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any law, an allegations of any such pleadings is filed against any of the J&B Parties or any of the J&B Parties take any action to authorize any such filing, or (iii) the breach by any of the J&B Parties of any representation, warranty, covenant, or agreement contained herein.

2. Representations, Warranties, Confirmations, and Agreements by the J&B Parties with respect to Specified Defaults and Outstanding Obligations.

(a) The J&B Parties represent and warrant to the Company that the Specified Defaults have occurred and are continuing. The execution, delivery and performance by the J&B Parties of this Agreement have been duly authorized by all necessary action required on their part, and this Agreement is the legal, valid and binding obligation of the J&B Parties enforceable against the J&B Parties in accordance with its terms.

(b) The J&B Parties confirm, acknowledge and agree that the Franchise Agreements and all terms and conditions contained therein have been terminated by the Company effective on August 4, 2014 and shall have no further force and effect from and after such date; provided, however, (i) the termination of the Franchise Agreements set forth under the heading “NJ Restaurants” on Schedule A hereto for Restaurants situated in the State of New Jersey (the “NJ Franchise Agreements”) shall not, in accordance with the provisions set forth in the New Jersey Franchise Practices Act, become effective until 60 days after the notice of termination of such Franchise Agreements is provided to the applicable J&B Entity (the “NJ Franchise Agreement Effective Termination Date”); and (ii) subject to Section 5 hereof, any provisions of the Franchise Agreement which by their terms would survive the termination or expiration of the Franchise Agreements shall survive in accordance with the terms of such Franchise Agreement.

(c) Nothing in this Agreement shall be construed as a waiver of or acquiescence to the Specified Defaults, and the Specified Defaults shall continue in existence notwithstanding this Agreement. Except as expressly provided herein, the

execution and delivery of this Agreement shall not: (i) constitute an extension, modification, or waiver of any right of the Company that survives the termination of the Franchise Agreements; (ii) extend the terms of the Franchise Agreements or the due date of any of the obligations that arose thereunder; (iii) give rise to any obligation on the part of the Company to extend, amend, waive or otherwise modify any term or condition of the Franchise Agreements or any ancillary document thereto; or (iv) give rise to any defenses or counterclaims to the right of the Company to compel payment of any obligations owed to the Company by the J&B Parties pursuant to the terms of the Franchise Agreements or any ancillary document thereto or to otherwise enforce its rights and remedies under the Franchise Agreements or any ancillary document thereto. For the avoidance of doubt, each party hereto hereby expressly reserves any and all of its rights, defenses, counterclaims and/or remedies under the Franchise Agreements and under applicable law including, without limitation, to the Specified Defaults and otherwise.

3. License. On the date hereof, the Company hereby grants to each J&B Entity that is a party to a Franchise Agreement under the heading “Non-NJ Restaurants” set forth on Schedule A hereto, during the License Period, the License for the use in the operations of the Restaurants. Each such J&B Entity hereby acknowledges and agrees that the License, and the operation of the Restaurants, shall be subject to the same terms and conditions as set forth in the Standard Franchise Agreement, which are incorporated herein and made part hereof, including, but not limited to, the (i) the use of the Marks, Systems, Operations Manual and the Confidential Information, (ii) payment of Royalty Fees, Marketing Fund Fees and all other amounts set forth in the Standard Franchise Agreement in accordance with the payment schedules set forth therein, (iii) the restaurant operating standards, (iv) record keeping and (v) inspection and audit rights. Immediately following the NJ Franchise Agreement Effective Termination Date, to the extent that the License for each J&B Entity that is a party to a Franchise Agreement under the heading “Non-NJ Restaurants” set forth on Schedule A is still in effect, each J&B Entity that is a party to a NJ Franchise Agreement shall immediately be granted a License for the use in the operations of the Restaurants located in New Jersey without any further action required by the Company or the J&B Parties; provided, however, such License shall be subject to the terms and conditions set forth herein including as set forth in this Section 3.

4. Conditions to Effectiveness. The effectiveness of this Agreement is expressly conditioned upon the Company’s satisfaction that this Agreement has been duly authorized, executed and delivered to the Company by the J&B Parties.

5. Effect on the Franchise Agreements. Except as expressly set forth herein, all of the terms, conditions and covenants that survive the termination of the Franchise Agreements (upon the effectiveness of such termination) shall remain unaltered and in full force and effect and shall be binding on the Company and the applicable J&B Entities that are a party to such Franchise Agreements in accordance with the terms of such Franchise Agreements and each such party thereto hereby ratifies and confirms their respective obligations under such Franchise Agreements. The J&B Entities’ post-termination obligations as set forth in the Franchise Agreements shall remain in abeyance with respect to each Restaurant, and solely with respect to such Restaurant, until the date

a J&B Entity discontinues operating such Restaurant; and the post-termination restrictions set forth in the Franchise Agreements, to the extent applicable and subject to those certain modifications as set forth in the First Amendment to the Settlement Agreement dated March 23, 2013, shall become effective as of the date such J&B Entity discontinues operating the last Restaurant operated by such J&B Entity.

6. Delivery of Product. During the License Period, the Company covenants and agrees to cause its affiliates to continue to supply the J&B Parties, in the ordinary course of business, with products that the Company and its affiliates have previously supplied to the J&B Parties in order for the J&B Parties to continue the operation of the Restaurants so long as the J&B Parties pay for such products in accordance with the following payment terms: (i) net-21 days or (ii) as and if terms may be extended by the Company, or any of its affiliate, in the Company or its affiliates, as the case may be, sole discretion.

7. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed signature page to this Agreement by facsimile transmission or otherwise transmitted or communicated by email shall be as effective as delivery of a manually executed counterpart of this Agreement.

8. Governing Law. This Agreement shall be governed by, construed and enforced in accordance with the laws of the Commonwealth of Massachusetts, without giving effect to any of the conflicts of laws or choice of law principles thereof that would compel the application of the substantive law of any other jurisdiction.

9. Jurisdiction. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in Boston, Massachusetts, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices previously provided to the other party and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law.

10. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns. The J&B Parties may not assign this Agreement without the prior written consent of the Company. No person other than the parties hereto, any secured lender to the Company or

its affiliates or the Released Parties shall have any rights hereunder or be entitled to rely on this Agreement, and all third-party beneficiary rights are hereby expressly disclaimed; provided, however, any secured lender to the Company or its affiliates and the Released Parties shall be third party beneficiaries of the Agreement.


11. Severability. Wherever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

[Signature Page Follows]


IN WITNESS WHEREOF, this Agreement has been duly executed as of the date first written above.

J&B PARTIES:


J&B PARTNERS HOLDING CO., LLC

By: 
Name: Joseph Vitale
Title: Pres. & CEO

**J&B RESTAURANT PARTNERS
FAMILY DINING, LLC**

By: 
Name: Dawn Petite
Title: Chief Operating Officer


**J&B RESTAURANT PARTNERS OF
COPIAGUE, LLC**

By: 
Name: Dawn Petite
Title: Chief Operating Officer


**J&B RESTAURANT PARTNERS OF
HAMPTON BAYS, LLC**

By: 
Name: Dawn Petite
Title: Chief Operating Officer


**J&B RESTAURANT PARTNERS OF
HICKSVILLE, LLC**

By: 
Name: Dawn Petite
Title: Chief Operating Officer


**J&B RESTAURANT PARTNERS OF
MASSAPEQUA PARK, LLC**

By: 
Name: Dawn Petite
Title: Chief Operating Officer


**J&B RESTAURANT PARTNERS OF
MIDDLE ISLAND, LLC**

By: 
Name: Dawn Petite
Title: Chief Operating Officer


**J&B RESTAURANT PARTNERS OF
SHIRLEY, LLC**

By: 
Name: Dawn Petite
Title: Chief Operating Officer


**J&B RESTAURANT PARTNERS OF
LONG ISLAND, LLC**

By: 
Name: Dawn Petite
Title: Chief Operating officer

**J&B RESTAURANT PARTNERS OF
LONG ISLAND II, LLC**

By: 
Name: Dawn Petite
Title: Chief Operating officer


**J&B RESTAURANT PARTNERS OF
NY, LLC**

By: 
Name: Dawn Petite
Title: Chief Operating officer

**J&B RESTAURANT PARTNERS OF
NJ, LLC**

By: 
Name: Dawn Petite
Title: Chief Operating officer

**J&B RESTAURANT PARTNERS OF
CT, LLC**

By: 
Name: Dawn Petite
Title: Chief Operating Officer

COMPANY:

FRIENDLY'S FRANCHISING, LLC

By: _____
Name: Robert K. Sawyer, Jr.
Title: Senior Vice President, General
Counsel

**J&B RESTAURANT PARTNERS OF
CT, LLC**

By: _____
Name:
Title:

COMPANY:

FRIENDLY'S FRANCHISING, LLC

By: Robert K. Sawyer, Jr.
Name: Robert K. Sawyer, Jr.
Title: Senior Vice President, General
Counsel

SCHEDULE A

RESTAURANTS

Non-NJ Restaurants

FRANCHISEE	Rest #	Restaurant Street Address	City	State	Zip	Agreement Date
J & B Restaurant Partners of Copiague, LLC	7633	960 Montauk Highway	Copiague	NY	11726	6/2/2003
J & B Restaurant Partners of CT, LLC	156	4545 North Main Street	Bridgeport	CT	06606	5/23/2011
J & B Restaurant Partners of CT, LLC	470	275 Boston Post Road	Darien	CT	06820	5/23/2011
J & B Restaurant Partners of CT, LLC	4225	81 Newtown Road	Danbury	CT	06810	5/23/2011
J & B Restaurant Partners of Hampton Bays, LLC	7634	149 Montauk Highway	Hampton Bays	NY	11946	4/1/2004
J & B Restaurant Partners of Hicksville, LLC	7639	285 S. Broadway Delco Plaza	Hicksville	NY	11801	5/25/2007
J & B Restaurant Partners of Long Island II, LLC	7604	361 Larkfield Road	East Northport	NY	11731	3/28/2001
J & B Restaurant Partners of Long Island II, LLC	7605	555 Broadway Street	Massapequa	NY	11758	3/28/2001
J & B Restaurant Partners of Long Island II, LLC	7606	522 East Main Street	Patchogue	NY	11772	3/28/2001

J & B Restaurant Partners of Long Island II, LLC	7607	230 Jericho Turnpike	Mineola	NY	11501	3/28/2001
J & B Restaurant Partners of Long Island II, LLC	7609	298 Montauk Avenue	Bayshore	NY	11706	3/28/2001
J & B Restaurant Partners of Long Island II, LLC	7615	552 Franklin Avenue	Franklin Square	NY	11010	3/28/2001
J & B Restaurant Partners of Long Island II, LLC	7620	201 Hallock Road	Stony Brook	NY	11790	3/28/2001
J & B Restaurant Partners of Long Island II, LLC	7622	2151 Jericho Turnpike	Commack	NY	11725	3/28/2001
J & B Restaurant Partners of Long Island II, LLC	7625	1187 Wantagh Avenue	North Wantagh	NY	11793	3/28/2001
J & B Restaurant Partners of Long Island II, LLC	7626	949 Old Country Road	Riverhead	NY	11901	3/28/2001
J & B Restaurant Partners of Long Island II, LLC	7627	1194 Deer Park Avenue	North Babylon	NY	11703	3/28/2001
J & B Restaurant Partners of Long Island II, LLC	7629	220 Mount Pleasant Road	Smithtown	NY	11787	3/28/2001
J & B Restaurant Partners of Long Island, LLC	7603	50 Montauk Highway	East Islip	NY	11730	3/28/2001
J & B Restaurant Partners of Long Island, LLC	7608	292 Little East Neck Road	West Babylon	NY	11704	3/28/2001

J & B Restaurant Partners of Long Island, LLC	7611	553 Hawkins Avenue	Lake Ronkonkoma	NY	11779	3/28/2001
J & B Restaurant Partners of Long Island, LLC	7614	330 Fulton Street	Farmingdale	NY	11735	3/28/2001
J & B Restaurant Partners of Long Island, LLC	7617	1826 Hempstead Turnpike	East Meadow	NY	11554	3/28/2001
J & B Restaurant Partners of Long Island, LLC	7618	945 Merrick Road	Baldwin	NY	11510	3/28/2001
J & B Restaurant Partners of Long Island, LLC	7619	210 Montauk Highway	Sayville	NY	11782	3/28/2001
J & B Restaurant Partners of Long Island, LLC	7621	150 Jericho Turnpike	Syosset	NY	11791	3/28/2001
J & B Restaurant Partners of Long Island, LLC	7624	3287 Hempstead Turnpike	Levittown	NY	11756	3/28/2001
J & B Restaurant Partners of Long Island, LLC	7628	275 Route 25A	Miller Place	NY	11764	3/28/2001
J & B Restaurant Partners of Long Island, LLC	7630	2220 - Route 112	Coram	NY	11727	3/28/2001
J & B Restaurant Partners of Long Island, LLC	7631	700-80 Route 101	Medford	NY	11763	3/28/2001
J & B Restaurant Partners of Massapequa Park, LLC	7638	4812 Sunrise Highway	Massapequa Park	NY	11762	4/1/2004

J & B Restaurant Partners of Middle Island, LLC	7636	848 Middle Country Rd.	Middle Island	NY	11953	6/2/2003
J & B Restaurant Partners of NY, LLC	126	361 Central Street	Hartsdale	NY	10530	5/23/2011
J & B Restaurant Partners of NY, LLC	152	477 Tuckahoe Road	Yonkers	NY	10710	5/23/2011
J & B Restaurant Partners of NY, LLC	231	445 East Main Street	Mount Kisco	NY	10549	5/23/2011
J & B Restaurant Partners of NY, LLC	332	1053 Main Street	Fishkill	NY	12524	5/23/2011
J & B Restaurant Partners of NY, LLC	439	1983 Commerce Street	Yorktown Heights	NY	10598	5/23/2011
J & B Restaurant Partners of NY, LLC	822	1354 Ulster Avenue	Kingston	NY	12401	5/23/2011
J & B Restaurant Partners of NY, LLC	863	364 Route 211 East	Middletown	NY	10940	5/23/2011
J & B Restaurant Partners of NY, LLC	946	2 Stoneleigh Avenue	Carmel	NY	10512	5/23/2011
J & B Restaurant Partners of NY, LLC	952	15 North Airmont Road	Suffern	NY	10901	5/23/2011
J & B Restaurant Partners of NY, LLC	1006	31 Matthews Street	Goshen	NY	10924	5/23/2011
J & B Restaurant Partners of Shirley, LLC	7640	940 Montauk Highway	Shirley	NY	11967	8/4/2009

NJ Restaurants

	FRANCHISEE	Rest #	Restaurant Street Address	City	State	Zip	Agreement Date
1	J & B Restaurant Partners of NJ, LLC	211	441 Hillsdale Avenue	Hillsdale	NJ	07642	5/23/2011
2	J & B Restaurant Partners of NJ, LLC	237	1243 Broad Street	Bloomfield	NJ	07003	5/23/2011
3	J & B Restaurant Partners of NJ, LLC	286	192 Madison Avenue	Convent Station	NJ	07961	5/23/2011
4	J & B Restaurant Partners of NJ, LLC	343	114 County Road	Tenafly	NJ	07670	5/23/2011
5	J & B Restaurant Partners of NJ, LLC	359	575 Pompton Turnpike	Pompton Plains	NJ	07444	5/23/2011
6	J & B Restaurant Partners of NJ, LLC	399	195 Godwin Avenue	Midland Park	NJ	07432	5/23/2011
7	J & B Restaurant Partners of NJ, LLC	664	304 Mountain Avenue	Hackettstown	NJ	07840	5/23/2011
8	J & B Restaurant Partners of NJ, LLC	720	301 Mount Hope Avenue, Suite 1040	Rockaway	NJ	07866	5/23/2011
9	J & B Restaurant Partners of NJ, LLC	771	1230 Highway 35	Middletown	NJ	07748	5/23/2011
10	J & B Restaurant Partners of NJ, LLC	789	1210 Hooper Avenue	Toms River	NJ	08753	5/23/2011
11	J & B Restaurant Partners of NJ, LLC	1053	981 Route 37 West	Toms River	NJ	08753	5/23/2011
12	J & B Restaurant Partners of NJ, LLC	1059	3201 State Hwy 35	Hazlet	NJ	07730	5/23/2011

FIRST AMENDMENT TO LICENSE AGREEMENT

This **FIRST AMENDMENT TO LICENSE AGREEMENT**, dated August 28, 2014 (this "Amendment"), is entered into by and among Friendly's Franchising, LLC (as successor in interest to Friendly's Restaurants Franchise, LLC), a Delaware limited liability company (the "Company"), J&B Partners Holding Co., LLC, a New York limited liability company ("J&B Partners Holding"), J&B Restaurant Partners Family Dining, LLC, a New York limited liability company ("J&B Restaurant Partners"), and each of its subsidiaries listed on the signature page of this Amendment (each, a "J&B Entity") and together with J&B Partners Holding and J&B Restaurant Partners, the "J&B Parties").

RECITALS

WHEREAS, the Company and the J&B Parties entered into that certain License Agreement, effective as of August 4, 2014 (the "Agreement"), pursuant to which the Company granted each J&B Entity that is a party to a Franchise Agreement set forth on Schedule A thereto, during the License Period, a limited, non-exclusive, license to operate each Restaurant and to use the System and the Marks in operating the Restaurants effective upon the effectiveness of the termination of the Franchise Agreements;

WHEREAS, the J&B Parties have provided notice to the Company that certain of the Restaurants have ceased operations and have or will be closing; and

WHEREAS, the Company and the J&B Parties desire to amend the Agreement as herein provided in order to appropriately reflect the Restaurants in which the License may be used.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Company and the J&B Parties hereby agree as follows:

SECTION 1. Defined Terms.

Capitalized terms used but not otherwise defined herein have the meanings assigned to them in the Agreement.

SECTION 2. Amendment.

Effective as of the date hereof, Schedule A of the Agreement is hereby amended and restated in its entirety as set forth on Exhibit A attached hereto.

SECTION 5. Applicable Law and Jurisdiction.

This Amendment shall be governed by, construed and enforced in accordance with the laws of the Commonwealth of Massachusetts, without giving effect to any of the conflicts of laws or choice of law principles thereof that would compel the application of

the substantive law of any other jurisdiction. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in Boston, Massachusetts, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices previously provided to the other party and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law.

SECTION 6. Counterparts.

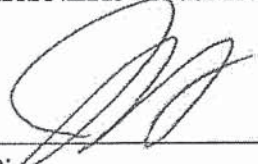
This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed signature page to this Amendment by facsimile transmission or otherwise transmitted or communicated by email shall be as effective as delivery of a manually executed counterpart of this Amendment.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be
duly executed as of the date first above written.

J&B PARTIES:

**J&B PARTNERS HOLDING CO.,
LLC**

By: 
Name: _____
Title: _____

**J&B RESTAURANT PARTNERS
FAMILY DINING, LLC**

By: _____
Name: _____
Title: _____

**J&B RESTAURANT PARTNERS
OF COPIAGUE, LLC**

By: _____
Name: _____
Title: _____

**J&B RESTAURANT PARTNERS
OF HAMPTON BAYS, LLC**

By: _____
Name: _____
Title: _____

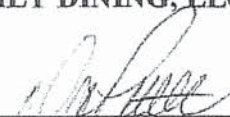
IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be
duly executed as of the date first above written.

J&B PARTIES:

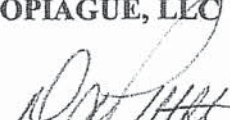
**J&B PARTNERS HOLDING CO.,
LLC**

By: _____
Name:
Title:

**J&B RESTAURANT PARTNERS
FAMILY DINING, LLC**

By:  _____
Name: Dawn Pethe
Title: COO


**J&B RESTAURANT PARTNERS
OF COPIAGUE, LLC**

By:  _____
Name: Dawn Pethe
Title: COO


**J&B RESTAURANT PARTNERS
OF HAMPTON BAYS, LLC**

By:  _____
Name: Dawn Pethe
Title: COO


**J&B RESTAURANT PARTNERS
OF HICKSVILLE, LLC**

By: 
Name: Dawn Little
Title: CEO

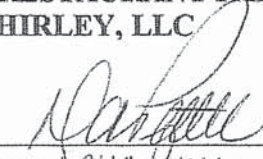
**J&B RESTAURANT PARTNERS
OF MASSAPEQUA PARK, LLC**

By: 
Name: Dawn Little
Title: CEO

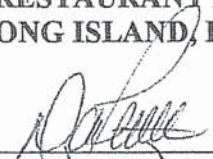
**J&B RESTAURANT PARTNERS
OF MIDDLE ISLAND, LLC**

By: 
Name: Dawn Little
Title: CEO

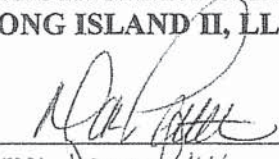
**J&B RESTAURANT PARTNERS
OF SHIRLEY, LLC**

By: 
Name: Dawn Little
Title: CEO

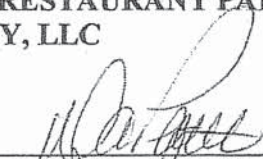
**J&B RESTAURANT PARTNERS
OF LONG ISLAND, LLC**

By: 
Name: Dawn Pettit
Title: COO

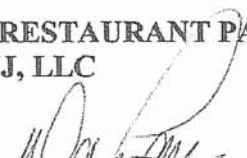
**J&B RESTAURANT PARTNERS
OF LONG ISLAND II, LLC**

By: 
Name: Dawn Pettit
Title: COO

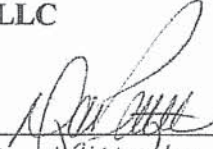
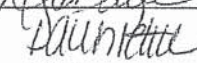

**J&B RESTAURANT PARTNERS
OF NY, LLC**

By: 
Name: Dawn Pettit
Title: COO

**J&B RESTAURANT PARTNERS
OF NJ, LLC**

By: 
Name: Dawn Pettit
Title: COO

**J&B RESTAURANT PARTNERS
OF CT, LLC**

By: 
Name: 
Title: 

COMPANY:

FRIENDLY'S FRANCHISING, LLC

By: _____
Name: Robert K. Sawyer, Jr.
Title: Senior Vice President, General Counsel

**J&B RESTAURANT PARTNERS
OF CT, LLC**

By: _____
Name:
Title:

COMPANY:

FRIENDLY'S FRANCHISING, LLC

By: Robert K. Sawyer, Jr.
Name: Robert K. Sawyer, Jr.
Title: Senior Vice President, General Counsel

EXHIBIT A
SCHEDULE A
RESTAURANTS

Non-NJ Restaurants

FRANCHISEE	Rest #	Restaurant Street Address	City	State	Zip	Agreement Date
J & B Restaurant Partners of CT, LLC	156	4545 North Main Street	Bridgeport	CT	06606	5/23/2011
J & B Restaurant Partners of CT, LLC	470	275 Boston Post Road	Darien	CT	06820	5/23/2011
J & B Restaurant Partners of CT, LLC	4225	81 Newtown Road	Danbury	CT	06810	5/23/2011
J & B Restaurant Partners of Hampton Bays, LLC	7634	149 Montauk Highway	Hampton Bays	NY	11946	4/1/2004
J & B Restaurant Partners of Long Island II, LLC	7604	361 Larkfield Road	East Northport	NY	11731	3/28/2001
J & B Restaurant Partners of Long Island II, LLC	7605	555 Broadway Street	Massapequa	NY	11758	3/28/2001
J & B Restaurant Partners of Long Island II, LLC	7606	522 East Main Street	Patchogue	NY	11772	3/28/2001
J & B Restaurant Partners of Long Island II, LLC	7607	230 Jericho Turnpike	Mineola	NY	11501	3/28/2001
J & B Restaurant Partners of Long Island II, LLC	7609	298 Montauk Avenue	Bayshore	NY	11706	3/28/2001

J & B Restaurant Partners of Long Island II, LLC	7615	552 Franklin Avenue	Franklin Square	NY	11010	3/28/2001
J & B Restaurant Partners of Long Island II, LLC	7620	201 Hallock Road	Stony Brook	NY	11790	3/28/2001
J & B Restaurant Partners of Long Island II, LLC	7622	2151 Jericho Turnpike	Commack	NY	11725	3/28/2001
J & B Restaurant Partners of Long Island II, LLC	7625	1187 Wantagh Avenue	North Wantagh	NY	11793	3/28/2001
J & B Restaurant Partners of Long Island II, LLC	7626	949 Old Country Road	Riverhead	NY	11901	3/28/2001
J & B Restaurant Partners of Long Island II, LLC	7627	1194 Deer Park Avenue	North Babylon	NY	11703	3/28/2001
J & B Restaurant Partners of Long Island II, LLC	7629	220 Mount Pleasant Road	Smithtown	NY	11787	3/28/2001
J & B Restaurant Partners of Long Island, LLC	7603	50 Montauk Highway	East Islip	NY	11730	3/28/2001
J & B Restaurant Partners of Long Island, LLC	7608	292 Little East Neck Road	West Babylon	NY	11704	3/28/2001
J & B Restaurant Partners of Long Island, LLC	7611	553 Hawkins Avenue	Lake Ronkonkoma	NY	11779	3/28/2001
J & B Restaurant Partners of Long Island, LLC	7614	330 Fulton Street	Farmingdale	NY	11735	3/28/2001
J & B Restaurant Partners of Long Island, LLC	7617	1826 Hempstead Turnpike	East Meadow	NY	11554	3/28/2001

J & B Restaurant Partners of Long Island, LLC	7618	945 Merrick Road	Baldwin	NY	11510	3/28/2001
J & B Restaurant Partners of Long Island, LLC	7619	210 Montauk Highway	Sayville	NY	11782	3/28/2001
J & B Restaurant Partners of Long Island, LLC	7621	150 Jericho Turnpike	Syosset	NY	11791	3/28/2001
J & B Restaurant Partners of Long Island, LLC	7624	3287 Hempstead Turnpike	Levittown	NY	11756	3/28/2001
J & B Restaurant Partners of Long Island, LLC	7628	275 Route 25A	Miller Place	NY	11764	3/28/2001
J & B Restaurant Partners of Long Island, LLC	7630	2220 - Route 112	Coram	NY	11727	3/28/2001
J & B Restaurant Partners of Massapequa Park, LLC	7638	4812 Sunrise Highway	Massapequa Park	NY	11762	4/1/2004
J & B Restaurant Partners of Middle Island, LLC	7636	848 Middle Country Rd.	Middle Island	NY	11953	6/2/2003
J & B Restaurant Partners of NY, LLC	126	361 Central Street	Hartsdale	NY	10530	5/23/2011
J & B Restaurant Partners of NY, LLC	152	477 Tuckahoe Road	Yonkers	NY	10710	5/23/2011
J & B Restaurant Partners of NY, LLC	231	445 East Main Street	Mount Kisco	NY	10549	5/23/2011
J & B Restaurant Partners of NY, LLC	332	1053 Main Street	Fishkill	NY	12524	5/23/2011
J & B Restaurant Partners of NY, LLC	439	1983 Commerce Street	Yorktown Heights	NY	10598	5/23/2011
J & B Restaurant Partners of NY, LLC	822	1354 Ulster Avenue	Kingston	NY	12401	5/23/2011
J & B Restaurant Partners of NY, LLC	863	364 Route 211 East	Middletown	NY	10940	5/23/2011

J & B Restaurant Partners of NY, LLC	946	2 Stoneleigh Avenue	Carmel	NY	10512	5/23/2011
J & B Restaurant Partners of NY, LLC	952	15 North Airmont Road	Suffern	NY	10901	5/23/2011
J & B Restaurant Partners of NY, LLC	1006	31 Matthews Street	Goshen	NY	10924	5/23/2011
J & B Restaurant Partners of Shirley, LLC	7640	940 Montauk Highway	Shirley	NY	11967	8/4/2009

NJ Restaurants

	FRANCHISEE	Rest #	Restaurant Street Address	City	State	Zip	Agreement Date
1	J & B Restaurant Partners of NJ, LLC	211	441 Hillsdale Avenue	Hillsdale	NJ	07642	5/23/2011
2	J & B Restaurant Partners of NJ, LLC	237	1243 Broad Street	Bloomfield	NJ	07003	5/23/2011
3	J & B Restaurant Partners of NJ, LLC	286	192 Madison Avenue	Convent Station	NJ	07961	5/23/2011
4	J & B Restaurant Partners of NJ, LLC	359	575 Pompton Turnpike	Pompton Plains	NJ	07444	5/23/2011
5	J & B Restaurant Partners of NJ, LLC	399	195 Godwin Avenue	Midland Park	NJ	07432	5/23/2011
6	J & B Restaurant Partners of NJ, LLC	664	304 Mountain Avenue	Hackettstown	NJ	07840	5/23/2011
7	J & B Restaurant Partners of NJ, LLC	720	301 Mount Hope Avenue, Suite 1040	Rockaway	NJ	07866	5/23/2011
8	J & B Restaurant Partners of NJ, LLC	771	1230 Highway 35	Middletown	NJ	07748	5/23/2011
9	J & B Restaurant Partners of NJ, LLC	789	1210 Hooper Avenue	Toms River	NJ	08753	5/23/2011
10	J & B Restaurant Partners of NJ, LLC	1053	981 Route 37 West	Toms River	NJ	08753	5/23/2011
11	J & B Restaurant Partners of NJ, LLC	1059	3201 State Hwy 35	Hazlet	NJ	07730	5/23/2011

Exhibit C
Plan Term Sheet

**Summary of Plan Terms
January 6, 2015**

The following is a summary (this “**Term Sheet**”) of certain material terms of a plan (the “**Plan**”) for the reorganization of certain affiliates and wholly-owned direct and indirect subsidiaries of J&B Partners Holding Co., LLC identified on Exhibit A-1 hereto (each, a “**Debtor**” and collectively, the “**Debtors**”) under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”). This Term Sheet does not contain all of the terms and provisions of the Plan; however, the Plan shall comply in all material respects with the terms of this Term Sheet and any material deviations or modifications to such terms and provisions set forth herein shall require the prior written consent of each Party hereto in its sole and absolute discretion.¹ Nothing in this Term Sheet is intended to be, and nothing in this Term Sheet shall be deemed to be, a solicitation of votes for any plan of reorganization or a sale or a solicitation of an offer to purchase any security of the Debtors.

Unless otherwise noted, section (§) references herein are to the Bankruptcy Code.

Parties

- the Debtors
- General Electric Capital Corporation, GE Capital Commercial of Utah LLC, and GE Capital Bank (collectively, “**GE**”)
- Friendly’s Franchising, LLC (“**Franchisor**” or “**Friendly’s**”)
- Holders of existing equity interest in J&B Partners Holding Co., LLC (“**Owners**” and collectively with the Debtors, GE and Friendly’s, the “**Parties**”)

**Overview of
Restructuring**

The Debtors will pursue, and the other Parties shall support a restructuring which shall provide for, among other things:

- the assumption, pursuant to the Plan, of the real property leases and other attendant executory contracts related to locations set forth on Exhibit B (the “**Assumed Leases**”);
- the sale of those certain dark locations set forth on the

¹ This Term Sheet shall only be binding with respect to J & B Restaurant Partners of Long Island II, LLC (“**JB II**”) upon the Court’s approving JB II entering into the Term Sheet with Friendly’s and GE. The Debtors will file a motion, to be heard at the first day hearing, asking the Court to approve the entry by JB II into the Term Sheet (the “**JB II Motion**”). A Termination Event (with respect to all Debtors) shall exist (without any further action taken by the Parties) if the Court has not approved the JB II Motion within 5 business days of the Petition Date.

attached Exhibit C, which locations are owned by the Debtors in fee simple, either during the Chapter 11 Cases (as defined below) or pursuant to the Plan (the “**Dark Store Sales**”);

- the entry by the Debtors into sale-leaseback agreements for the locations set forth on Exhibit D either during the Chapter 11 Cases or pursuant to the Plan (the “**Sale-Leaseback Transactions**” and, together with the Assumed Leases, the “**Retained Stores**”), which sale-leaseback agreements shall, at a minimum, establish rent caps equal to 8.0% of Net Sales with rent increases not to exceed 10.0% over a five (5) year period; and
- the immediate closing of the Debtors’ current locations set forth on the attached Exhibit E on or about the Petition Date (as defined below) and, to the extent applicable, the rejection of the attendant Lease (the “**Closed Stores**”).

The Debtors and the reorganized Debtors acknowledge and agree that each of the Retained Stores shall remain open and in operations for a period beginning on the date hereof through no less than three (3) years following the Effective Date (as defined below), unless otherwise agreed to by Friendly’s and the reorganized Debtors.

Implementation

The restructuring shall be implemented through a pre-negotiated Chapter 11 bankruptcy case of the Debtors (the “**Chapter 11 Cases**”).

In addition, on or about the Petition Date, certain affiliates and wholly-owned direct and indirect subsidiaries of J&B Partners Holding Co., LLC identified on Exhibit A-2 (the “**Chapter 7 Affiliates**”) will file voluntary petitions for relief under chapter 7 of the Bankruptcy Code. None of the Chapter 7 Affiliates or any of their downstream wholly-owned subsidiaries operated any Retained Store as of the Petition Date.

Treatment of Claims

Administrative Expenses

Allowed Administrative Expenses, including professional fee claims, shall be paid in full in cash within 10 days after the later to occur of (i) the effective date of the Plan (the “**Effective Date**”), (ii) the date such claim was due and payable, and (iii) the date such claim becomes an allowed claim.

Administrative Expenses arising in the ordinary course of the

Debtor's business which are neither (i) due and payable on or before the Effective Date nor (ii) cure amounts, shall be paid in the ordinary course of business when due.

Priority Claims

Allowed Priority Claims shall be paid in full in cash either (A) on the later of (i) the Effective Date, (ii) the date such claim was due and payable, (iii) within 30 days following the entry of an order allowing such claim, and (iv) such other date as may be agreed to by the holder of such claim, or (B) with respect to Priority Tax Claims, and at the sole discretion of the Debtors, the date or dates specified in § 1129(a)(9)(C).

DIP Claim

The post-petition claims (the “**DIP Claims**”) of GE under the DIP Facility shall be treated as an allowed secured claim. GE shall receive the GE Note (defined below) in full and complete satisfaction of the DIP Claims.

Class 1: GE Claim

The pre-petition claims (the “**GE Claim**”) of GE shall be treated as an allowed secured claim in the amount of \$15,716,924 (the “**Allowed GE Claim**”). GE shall receive the GE Note in full and complete satisfaction of the GE Claims. GE shall have no unsecured deficiency claim under the Plan on account of the GE Claim.

This class is impaired and entitled to vote on the Plan.

Class 2: Unsecured Claims

This class shall consist of all unsecured claims (“**Unsecured Claims**”) other than administrative and priority claims, the Friendly's Claim, and the Owner Claims. In full and complete satisfaction of allowed Unsecured Claims, each holder of an Unsecured Claim shall be paid an amount in cash equal to 10% of the allowed amount of such claim, in four equal installments, on the six month, twelve month, eighteen month, and twenty-four month anniversary of the Effective Date.

This class impaired and entitled to vote on the Plan.

Class 3: Friendly's Claim

The pre-petition claims (the “**Friendly's Claim**”) of Friendly's related to unpaid pre-petition royalty and advertising funds and all such other non-food/non-supply amounts alleged to be owed pursuant to any pre-petition franchise and/or license agreements between Friendly's and the Debtors, shall be treated as an allowed unsecured claim. Friendly's shall receive no distribution under the Plan on account of the Friendly's Claim. For the avoidance of doubt, the Friendly's Claim shall not include any amounts owed for the sale of food or supplies to the Debtors, which amounts shall be paid pursuant to normal 21-day

terms upon entry of an interim or final order authorizing the payment of such claims. The Debtors shall file one or more motions on the date the Chapter 11 Cases are commenced (the “*Petition Date*”) requesting the foregoing authority to pay amounts owing to Friendly’s for unpaid food as § 503(b)(9) claims or claims arising under the Perishable Agricultural Commodities Act of 1930.

This class is impaired and entitled to vote on the Plan.

Class 4: Owner Claims

The claims (the “*Owner Claims*”) of the Owners (the “*Owner Creditors*”) related to the general unsecured loan of approximately \$2,150,000 to the Debtors, through their individual holding companies, shall be treated as an allowed unsecured claim. In full and complete satisfaction of allowed Owner Claims, on the Effective Date the holders of the Owner Claims shall receive 100% of the equity in the Debtors’ reorganized parent company(ies) (the “*Reorganized Parent*”).

This class is impaired and entitled to vote on the Plan.

Class 5: Old Equity

On the Effective Date, existing equity interests shall be cancelled and the holders of such equity shall receive no distribution on account of their equity interests; provided, however, that existing equity interests in the other Debtors shall be retained by the corresponding holder solely for the purpose of maintaining the existing corporate structure.

This class is impaired and presumed to reject the Plan.

General Plan Implementation

DIP Financing²

GE shall provide post-petition financing in the amount of \$1,500,000 to the Debtors on the terms set forth in the accompanying DIP Term Sheet annexed hereto as Appendix 1.

Plan Funding

All Plan payments shall be funded from available cash on hand or the DIP Financing.

GE Note³

The DIP Claim and the GE Claim shall be satisfied through the

² Material terms of the DIP Financing not set forth herein, and any changes to material terms of the DIP Financing set forth herein, shall be subject to approval by the Debtors, GE, and Friendly’s.

issuance to GE of a new note (the “**GE Note**”) on the Effective Date. The GE Note shall be secured by fully perfected, first priority liens on and security interests in substantially all assets of the Debtors, and shall contain the following terms:

Principal Amount: Amount equal to: (i) (a) the DIP Claim plus (b) the Allowed GE Claim less (ii) net proceeds generated during the Chapter 11 Cases from any (x) Dark Store Sales plus (y) Sale-Leaseback Transactions.

Amortization: the GE Note shall have a 12-year amortization period.

Interest: 8% per annum.

Payments: Principal and interest shall be payable monthly in cash. Additional principal payments shall be made in accordance with the Net Excess Cash Flow section set forth herein.

Balloon Payment: All amounts owing under the GE Note shall be due and payable on the third anniversary of the Effective Date.

All other terms of the GE Note will be on terms and conditions mutually acceptable to GE and the Debtors.

Management

The Debtors shall retain a chief restructuring officer (“**CRO**”). The CRO will oversee both the reorganization process through the Effective Date of the Plan and shall oversee the Debtors’ and the reorganized Debtors’ operations until the earlier of:

- The date upon which the Parties mutually agree to remove the CRO; and
- The date on which the reorganized Debtors have, for a rolling four-quarter basis for the Retained Stores (as adjusted on a pro rata basis to the extent there are fewer than 24 Retained Stores), (i) achieved 95% of Sales and Corporate EBITDA (each as they are each defined in that certain Business Plan, dated January 6, 2015, agreed to by the Debtors, GE and Friendly’s, and attached hereto as

³ Material terms of the GE Note not set forth herein, and any changes to material terms of the GE Note set forth herein, shall be subject to approval by the Debtors, GE, and Friendly’s.

Appendix 2 (the “***Business Plan***”)); (ii) made all principal and interest payments due and owing under the GE Note; (iii) made all capital expenditures as scheduled in the Business Plan; and (iv) timely made all fee and product payments to Friendly’s as applicable. With respect to the foregoing provision, the first rolling four-quarter basis shall be measured on December 31, 2015.

The initial CRO shall be selected by the Debtors from a list of not less than four (4) candidates to be provided by GE, and may be removed only in accordance with the terms set forth in the DIP Term Sheet attached hereto as Appendix 1. Any replacement CRO to be appointed upon the removal of the initial CRO shall be selected pursuant to the following procedures (the “***CRO Replacement Procedures***”):

1. A principal from each of the Debtors (collectively), GE, and Friendly’s shall meet-and-confer to determine if a replacement CRO can be identified consensually.
2. If a replacement cannot be identified consensually, then the Debtors, GE, and Friendly’s shall each submit two (2) candidates to the Bankruptcy Court for approval, and the Bankruptcy Court shall select a replacement CRO from among the candidates.

To the extent the CRO is no longer engaged by the reorganized Debtors, the reorganized Debtors shall identify, subject to approval by Friendly’s solely as to such person’s qualifications, at least one executive-level employee of J & B Partners Holding Co., LLC—or one of its direct or indirect wholly-owned subsidiaries—who shall be responsible for, and devote substantially all of their professional time, attention, diligence, and effort to, the operation of the reorganized Debtors’ business.

Friendly’s Franchise Agreement

Subject to Bankruptcy Court approval, through the Effective Date, Friendly’s shall continue to provide the Debtors’ with a license (the “***Postpetition License***”) pursuant to the terms of that certain License Agreement, dated as of August 4, 2014 (the “License Agreement”), to operate each Retained Store, except that, notwithstanding anything set forth in the License Agreement to the contrary:

- The license shall immediately terminate (without any action taken by Friendly’s) upon the earlier of (i) 150 days from the filing of the Chapter 11 Cases, and (ii) a

Termination Event (as defined below).

- A one-time royalty payment equal to \$45,000.00, payable no later than 4 business days after the Petition Date.
- Advertisement funds shall be equal to 0.0% of Net Sales.
- Local store marketing spend shall be equal to 0.5% of Net Sales.
- For the avoidance of doubt, during the Chapter 11 Cases, ordinary course of business transactions between Friendly's and the Debtors, including, but not limited to, the payment of goods received by Debtors from Friendly's, vendor rebates and any return of funds related to gift cards, shall continue in the ordinary course of business.

As used in this Term Sheet, a "**Termination Event**" shall occur (without any action taken by Friendly's other than the provision of such notice as may be required below) on such date that any of the following is true:

- (i) The Debtors fail to meet any of the following milestones (the "**Exit Milestones**"), which Exit Milestones may be amended if agreed to in writing by Friendly's:
 - a. No later than 4 business days after the Petition Date, the Debtors shall have obtained orders (the "**Payment Orders**"), in form and substance reasonably acceptable to Friendly's, permitting the Debtors to pay to Friendly's all food- and supplies-related payments (either past due or that will become due during the Chapter 11 Cases).
 - b. No later than 5 business days after the Petition Date, the Debtors shall have obtained an interim order (the "**Interim DIP Order**") approving the DIP Financing on terms consistent in all material respects with those set forth in the DIP Term Sheet.
 - c. No later than 60 days after the date the Interim DIP Order is entered, the Debtors shall have obtained a final order approving the DIP Financing on terms consistent in all material respects with those set forth in the DIP Term Sheet.

- d. The Debtors shall have filed a Plan within 30 days after the Petition Date that complies in all material respects with the terms of this agreement.
- e. The Bankruptcy Court shall have entered an order approving the disclosure statement (the “**Disclosure Statement**”) within 60 days after the filing of the Plan.
- f. The Bankruptcy Court shall have commenced the confirmation hearing with respect to the Plan within 60 days of the approval by the Bankruptcy Court of the Disclosure Statement.
- g. Bankruptcy Court shall have entered an order confirming the Plan within 30 days after the commencement of the confirmation hearing.
- h. No later than 4 business days after the Petition Date, the Debtors shall have obtained an interim order (the “**Interim License Order**”), in form and substance reasonably acceptable to Friendly’s, approving the terms of the Postpetition License and Friendly’s termination rights during the Chapter 11 Cases.
- i. No later than 60 days after the entry of the Interim License Order, the Debtors shall have obtained a final order, in form and substance reasonably acceptable to Friendly’s, approving the terms of the Postpetition License and Friendly’s termination rights during the Chapter 11 Cases.

The parties expressly acknowledge and agree that the foregoing Exit Milestones are subject to Bankruptcy Court availability, and that no Termination Event shall occur where the Debtors’ failure to satisfy one of the foregoing Exit Milestones was solely the result of the unavailability of necessary time on the Bankruptcy Court’s calendar and such Exit Milestone is nevertheless satisfied not more than 7 days after the deadline set forth above.

- (ii) The Debtors fail to comply with the terms of, or otherwise breach, (x) the Term Sheet, including the payment of all amounts contemplated to be paid pursuant to (A) the Postpetition License and (B) the Term Sheet for food- and supplies-related amounts due to Friendly’s at any time prior to or during the Chapter 11 Cases, (y)

the Postpetition License, or (z) the Payment Orders.

- (iii) An event of default shall have occurred under the DIP Financing.
- (iv) The DIP Financing is terminated or withdrawn.
- (v) Any (i) provision of the DIP Financing related to payment, spending limitations, maturity, interest rate, fees, the chief restructuring officer, insurance, negative covenants, and financial covenants, or (ii) any event of default under the DIP Financing relating to any of the foregoing, is amended, modified, or waived (or a forbearance is entered into with respect thereto) without the prior written consent of Friendly's.
- (vi) The Bankruptcy Court enters an order dismissing any of the Chapter 11 Cases or converting any Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code.
- (vii) The Bankruptcy Court enters an order appointing a trustee in any Chapter 11 Case or an examiner with enlarged powers (beyond those set forth under §§ 1106(a)(3) and (4)).
- (viii) A change of control occurs (as such term is contemplated in the DIP Financing documents).
- (ix) Any court of competent jurisdiction or other competent governmental or regulatory authority shall have issued a final order making illegal or otherwise materially restricting, preventing or prohibiting the restructuring (as contemplated by this Term Sheet) in a way that cannot be reasonably remedied by the Parties within 5 days.
- (x) The Debtors file or otherwise seek, or the Bankruptcy Court approves any plan, disclosure statement or any documents relating to the foregoing inconsistent with the provisions of this Term Sheet.

Notwithstanding the foregoing, a Termination Event shall not occur with respect to the defaults enumerated in paragraphs (ii), (iii), (v), or (x) unless such default exists and is continuing after the expiration of five (5) business days after notice of such default has been received by the Debtors. The mere delivery of any such notice by Friendly's to the Debtors or any similar action taken by Friendly's in an effort to terminate the Postpetition License in connection with its termination rights

thereunder shall not constitute a violation of the automatic stay under § 362.

Commencing on the Effective Date, Friendly's shall provide the reorganized Debtors with a three-year franchise agreement on Friendly's then-current form of franchise agreement (subject to those modifications set forth herein) (the "**Franchise Agreement**") for each Retained Store, with an option to renew for an additional ten-year period at the option of the reorganized Debtors. The Franchise Agreements shall include, and will only include, the following modifications to the then-current form of franchise agreement (and, except to the extent otherwise set forth herein, such modifications shall be removed and/or shall be of no further force or effect upon the transfer or assignment of a Franchise Agreement to a third party other than a transfer or assignment between any two wholly-owned direct or indirect subsidiaries of J & B Partners Holding Co., LLC):

- Royalty payments equal to 1.0% of Net Sales (as to be defined in the Franchise Agreement) for the first three years of the Franchise Agreement and if the term is thereafter extended pursuant to this section, the royalty payments shall be equal to 3.0% of Net Sales for the first year after such extension, 3.5% of Net Sales for the second year after such extension, and 4.0% of Net Sales for the remainder of the term of Franchise Agreement.
- Marketing Fund payments equal to three percent (3.0%) of Net Sales and an additional one-half of one percent (0.5%) of Net Sales to be spent by Debtors on local advertising (collectively, the "**Ad Spend**"), which aggregate amount shall escalate in accordance with the terms set forth in the Net Excess Cash Flow section herein, to an amount not to exceed 4.0% of Net Sales. Of the foregoing Ad Spend contributions by the reorganized Debtors, (i) a portion of Ad Spend equal to 0.75% of Net Sales may be spent by Friendly's in accordance with Item 11.IV of Friendly's then-current FDD; (ii) a portion of Ad Spend equal to 0.5% of Net Sales will be used by the Debtors for local advertising; and (iii) any remaining portion of Ad Spend will be spent such that Ad Spend for Retained Stores located in New Jersey shall be spent in the State of New Jersey and Ad Spend for the Retained Stores located in New York shall be spent in Nassau County and Suffolk County, in each case pursuant to a marketing plan created by Friendly's in consultation with the reorganized Debtors as set forth below (the foregoing, collectively, the "**Ad**

Spend Allocation”). Prior to finalizing each marketing plan, Friendly’s shall meaningfully consult (*i.e.*, each of the Debtors and Friendly’s having an opportunity for dialogue and input regarding such marketing plan and media buy) with the reorganized Debtors solely as to the content of the marketing plan and media to be purchased thereunder. On a quarterly basis, Friendly’s shall also review with the reorganized Debtors, on a summary basis, the Ad Fund dollars actually spent and results achieved under the marketing plan in the prior quarter and consult with the reorganized Debtors on any changes to be made in the marketing plan on the basis of such results. For the avoidance of doubt, the parties acknowledge and agree that, following such meaningful consultations as set forth above, all decisions relating to content of the marketing plan and media placement of all advertising and promotions thereunder shall be made by Friendly’s in Friendly’s sole and absolute discretion. Upon the assignment or transfer of a Franchise Agreement to a third party (other than between any two wholly-owned direct or indirect subsidiaries of J&B Partners Holding Co., LLC), the modifications relating to Ad Spend as set forth herein, including, but not limited to, the Ad Spend Allocation and consultation rights, shall immediately terminate and be of no further force or effect.

- Except as otherwise set forth or modified herein, subject to the standard transfer provisions of the Franchise Agreements, each Franchise Agreement shall be freely assignable to any third party designated by the applicable reorganized Debtor during the initial 3-year term and/or any renewal term; provided, however, that (i) upon the assignment of a Franchise Agreement in the first three (3) years of the term, royalty payments shall immediately increase to three percent (3%) of Net Sales and shall thereafter escalate by 0.5% of Net Sales on the first and second anniversaries of such assignment up to a total of 4% of Net Sales as a royalty payment for the remainder of the term of the Franchise Agreement and (ii) if the term of a Franchise Agreement has been extended, and such Franchise Agreement is thereafter assigned, the royalty payments will be the amount that was being paid by the reorganized Debtor at the time of such assignment; provided, that if such royalty payment is less than 4% of Net Sales, then it will thereafter escalate by 0.5% of Net Sales on the anniversaries of such date that the Franchise Agreement had been extended up to a total of 4% of Net

Sales for the remainder of the term of the Franchise Agreement in accordance with the first bullet point of this section. For the avoidance of doubt, an assignment between any two wholly-owned direct or indirect subsidiaries of J&B Partners Holding Co., LLC will not be deemed to be an assignment that triggers the royalty escalation described herein.

- Each Franchise Agreement shall provide for a minimum of a three (3) mile radius surrounding the Retained Store (the “**Protected Area**”) such that during the initial three (3) year period of the franchise term, Friendly’s will not own or operate, or grant anyone else the right to operate, a Friendly’s restaurant within the Protected Area for each such Retained Store; provided, however, that the Debtors shall have a right of first refusal and a right of first offer as to any Friendly’s restaurant proposed to be built between three and five miles from a Retained Store during the initial three (3) year period of the franchise term. Upon exercise of the ten-year renewal option, the Debtors shall no longer have the right of first refusal and right of first offer described in the foregoing sentence, and the Protected Area shall be reduced to the greater of (i) a 2-mile radius around each Retained Store and (ii) the then standard protections in Friendly’s standard franchise agreement. Upon the transfer or assignment of the Franchise Agreement, other than a transfer of an assignment between two wholly-owned direct or indirect subsidiaries of J&B Partners Holding Co., LLC, the foregoing radius protections and any right of first refusal and right of first offer described in the first sentence of this bullet point shall no longer have any force or effect and the Protected Area shall revert to the greater of (i) a 1-mile radius around each Retained Store and (ii) the then standard protections in Friendly’s standard franchise agreement.
- For the avoidance of doubt, no Franchise Agreement shall include a personal guarantee; provided, however, that Friendly’s shall retain the right to require a personal guarantee from any non-reorganized Debtor assignee of the Franchise Agreement other than an assignment between any two wholly-owned subsidiaries of J&B Partners Holding Co., LLC. Upon the assignment or transfer of a Franchise Agreement, no reorganized Debtor, nor any member thereof, shall be required to provide a personal guaranty of the assignee’s liability under any

franchise agreement.

- The non-compete restrictive covenants of each Franchise Agreement will be modified to reflect the language as negotiated by the Debtors and Friendly's and set forth in that certain Settlement Agreement, dated April 18, 2011, as amended by the First Amendment to Settlement Agreement, dated March 23, 2013.

Net Excess Cash Flow

For each lagging twelve-month ("**LTM**") period after the Effective Date, "**Net Cash Flow**" shall be equal to SL EBITDA (as calculated in the Business Plan), less disbursements for G&A, royalties, ad fund, and capital expenditures. The term "**Net Excess Cash Flow**" shall be equal to cash, if any, that exceeds 105% of Net Cash Flow in the corresponding LTM period; provided, that the allocation of Net Excess Cash Flow as set forth herein shall not cause the Debtors' aggregate cash balance for the Retained Stores to be less than \$500,000 (as adjusted on a pro rata basis to the extent there are fewer than 24 Retained Stores). Net Excess Cash Flow shall be allocated as follows:

First, on a combination of the following, as agreed to by the reorganized Debtors and Friendly's:

- to increase the Ad Spend until total Ad Spend equals four percent (4.0%) of Net Sales; provided, however, that Ad Spend shall (a) occur, as agreed upon by Friendly's and the reorganized Debtors, either (i) pursuant to the marketing plan developed by Friendly's (in accordance with the terms and conditions set forth above) or (ii) as directed by the reorganized Debtors for local advertising and marketing, (b) be spent in the trade area in which the Retained Stores are located consistent with the Ad Spend Allocation, and (c) at no time be an amount that is greater than the percentage of Net Sales that Friendly's other full-service franchisees in the NYDMA are currently contributing to the Marketing Fund. Notwithstanding the foregoing, Friendly's and the reorganized Debtors may redirect Ad Spend towards remodeling Retained Stores as mutually agreed to among the Parties and in accordance with below and, if Friendly's and the reorganized Debtors are unable to determine how the Ad Spend should be directed as set forth in subsection (a) of the preceding sentence within 15 business days of the determination of the Excess Net Cash Flow, the Ad Spend shall automatically be redirected towards

remodeling Retained Stores; and

- to fund maintenance, renovations and updates to Retained Stores pursuant to a schedule to be agreed to among the reorganized Debtors and Friendly's;

provided, however, that the aggregate amount of such spending shall not exceed \$500,000 in any rolling 12-month period.

Second, to the extent of any additional Net Excess Cash Flow, to pay down outstanding principal on the GE Note.

Store Disposition

From and after the Effective Date, the reorganized Debtors will be permitted subject to the terms of the GE Note and the Friendly's Franchise Agreement, to sell individual stores.

Releases and Related Matters

To the fullest extent permitted by law, the Plan shall provide for customary releases and exculpations (including mutual releases among the releasing parties and by third parties) for the benefit of the Parties and each of such entities' predecessors, successor and assigns, subsidiaries, funds, portfolio companies, affiliates, respective attorneys, and each of their respective officers, directors, employees, managers, financial advisors or other professionals or representatives. For the avoidance of doubt, such releases shall include, without limitation, the release of any personal guaranty claims asserted by Friendly's pursuant to any pre-petition franchise and/or license agreement by and between Friendly's and one or more of the Debtors and/or individual members of the Debtors. Notwithstanding the foregoing, Friendly's and its affiliates shall not release J & B Restaurant Partners of Hampton Bays, LLC and each of its officers, directors, employees, managers, financial advisors or other professionals or representatives from any claims or liabilities including, without limitation, the release of any personal guaranty claims asserted by Friendly's pursuant to any pre-petition franchise and/or license agreement by and between Friendly's and J & B Restaurant Partners of Hampton Bays, LLC and any and all such claims shall survive the Plan.

Any indemnification provisions in place at the commencement of the Chapter 11 Cases, whether in the Debtors' operating agreement, other formation documents, board resolutions, or contracts for the current and former directors, officers, equity holders, managers, employees, attorneys, other professionals, and agents of the Debtors and such persons' respective affiliates, shall be assumed and irrevocable and will survive the

effectiveness of the Plan.

The Debtors' governance documents after effectiveness of the Plan will provide for the indemnification, defense, reimbursement, exculpation, and/or limitation of liability of, and advancement of fees and expenses to the reorganized Debtors' current and former directors, equity holders, officers, employees, or agents, and such persons' respective affiliates, to the fullest extent permitted by law and at least to the same extent as the organizational documents of the Debtors as of the commencement of the Chapter 11 Cases.

Termination

This Term Sheet shall immediately terminate and be of no further force and effect upon the earlier of (i) 150 days from the filing of the Chapter 11 Cases, and (ii) the occurrence of a Termination Event.

IN WITNESS WHEREOF, the parties have caused to be executed this Term Sheet by their duly authorized officers, as of the date first written above.

J&B PARTNERS MANAGEMENT LLC, for itself and
for each of the other Debtors identified on Exhibit A-1

By: _____

Name: _____

Title: _____

**GENERAL ELECTRIC CAPITAL CORPORATION
GE CAPITAL COMMERCIAL OF UTAH LLC
GE CAPITAL BANK**

By: _____

Name: DAVID H. BURGER

Title: Senior Vice President

FRIENDLY'S FRANCHISING, LLC

By: _____

Name: _____

Title: _____

JOSEPH VITRANO

WILLIAM MURPHY

JAMCO INTERESTS LLC

JAMES NOTARNICOLA

WILLIAM MONACO

GERALD SNEARLY

GREGORY KALOUSTIAN

IN WITNESS WHEREOF, the parties have caused to be executed this Term Sheet by
their duly authorized officers, as of the date first written above.

J&B PARTNERS MANAGEMENT LLC, for itself and
for each of the other Debtors identified on Exhibit A

By: _____

Name: _____

Title: _____

GENERAL ELECTRIC CAPITAL CORPORATION
GE CAPITAL COMMERCIAL OF UTAH LLC
GE CAPITAL BANK

By: _____

Name: _____

Title: _____

FRIENDLY'S FRANCHISING, LLC

By: Robert K. Sawyer, Jr.

Name: Robert K. Sawyer, Jr.

Title: Senior Vice President

JOSEPH VITRANO

WILLIAM MURPHY

JAMCO INTERESTS LLC

JAMES NOTARNICOLA

WILLIAM MONACO

GERALD SNEARLY

GREGORY KALOUSTIAN

IN WITNESS WHEREOF, the parties have caused to be executed this Term Sheet by
their duly authorized officers, as of the date first written above.

J&B PARTNERS MANAGEMENT LLC, for itself and
for each of the other Debtors identified on Exhibit A

By: _____

Name: Joseph Vitrano

Title: Operating Manager Member

GENERAL ELECTRIC CAPITAL CORPORATION
GE CAPITAL COMMERCIAL OF UTAH LLC
GE CAPITAL BANK

By: _____

Name: _____

Title: _____

FRIENDLY'S FRANCHISING, LLC

By: _____

Name: _____

Title: _____



JOSEPH VITRANO

WILLIAM MURPHY

JAMCO INTERESTS LLC



JAMES NOTARNICOLA

WILLIAM MONACO

GERALD SNEARLY

GREGORY KALOUSTIAN

IN WITNESS WHEREOF, the parties have caused to be executed this Term Sheet by
their duly authorized officers, as of the date first written above.

J&B PARTNERS MANAGEMENT LLC, for itself and
for each of the other Debtors identified on Exhibit A

By: _____

Name: Joseph Vitrano

Title: Operating Manager Member

GENERAL ELECTRIC CAPITAL CORPORATION
GE CAPITAL COMMERCIAL OF UTAH LLC
GE CAPITAL BANK

By: _____

Name: _____

Title: _____

FRIENDLY'S FRANCHISING, LLC

By: _____

Name: _____

Title: _____

JOSEPH VITRANO

WILLIAM MURPHY

JAMCO INTERESTS LLC

JAMES NOTARNICOLA

WILLIAM MONACO

GERALD SNEARLY

GREGORY KALOUSTIAN

IN WITNESS WHEREOF, the parties have caused to be executed this Term Sheet by their duly authorized officers, as of the date first written above.

J&B PARTNERS MANAGEMENT LLC, for itself and
for each of the other Debtors identified on Exhibit A

By:  _____

Name: Joseph Vitrano

Title: Operating Manager Member

GENERAL ELECTRIC CAPITAL CORPORATION
GE CAPITAL COMMERCIAL OF UTAH LLC
GE CAPITAL BANK

By: _____

Name: _____

Title: _____

FRIENDLY'S FRANCHISING, LLC

By: _____

Name: _____

Title: _____



JOSEPH VITRANO



WILLIAM MURPHY

JAMCO INTERESTS LLC

JAMES NOTARNICOLA



WILLIAM MONACO

GERALD SNEARLY

GREGORY KALOUSTIAN

IN WITNESS WHEREOF, the parties have caused to be executed this Loan Sheet by
their duly authorized officers, as of the date first written above.

J&B PARTNERS MANAGEMENT LLC, for itself and
for each of the other Debtors identified on Exhibit A

By: _____

Name: Joseph Velasco

Title: Managing Member

GENERAL ELECTRIC CAPITAL CORPORATION
GE CAPITAL COMMERCIAL OF UTAH LLC
GE CAPITAL BANK

By: _____

Name: _____

Title: _____

FRIENDLY'S FRANCHISING, LLC

By: _____

Name: _____

Title: _____

JOSEPH VELASCO

WILLIAM MURPHY

JAMCO INTERESTS LLC

JAMES MCCANNUSHA

WILLIAM MONACO

GERALD SNEARLY

GREGORY KALONITIAN

*Signature Page for
Recording of Filing Office*

EXHIBIT A-1

SCHEDULE OF DEBTORS

J&B Partners Management LLC
J&B Restaurant Partners of Long Island Holding Co., LLC
J&B Restaurant Partners of NYDMA LLC
J&B Restaurant Partners of Massapequa Park, LLC
J&B Restaurant Partners of Middle Island, LLC
J&B Restaurant Partners of Shirley, LLC
J&B Restaurant Partners of Long Island, LLC
J&B Restaurant Partners of Long Island II, LLC
J&B Real Estate Partners of Long Island, LLC
J&B Real Estate Partners of Long Island II, LLC
J&B Restaurant Partners of NJ, LLC

EXHIBIT A-2

SCHEDULE OF AFFILIATES FILING CHAPTER 7

J&B Restaurant Partners of Upstate NY, LLC
J&B Restaurant Partners of Copiague, LLC
J&B Restaurant Partners of Hicksville, LLC
J&B Restaurant Partners of CT, LLC

EXHIBIT B

SCHEDULE OF ASSUMED LEASES

1. 211 Hillsdale - Hillsdale, NJ
J&B Restaurant Partners of NJ, LLC
2. 237 Bloomfield - Bloomfield, NJ
J&B Restaurant Partners of NJ, LLC
3. 286 Convent Station - Convent Station, NJ
J&B Restaurant Partners of NJ, LLC
4. 664 Hackettstown - Hackettstown, NJ
J&B Restaurant Partners of NJ, LLC
5. 789 Toms River (HOOP) - Tom's River, NJ
J&B Restaurant Partners of NJ, LLC
6. 1053 Toms River (R37) - Tom's River, NJ
J&B Restaurant Partners of NJ, LLC
7. 617 East Meadow -East Meadow, NJ
J&B Restaurant Partners of Long Island, LLC
8. 621 Syosset - Syosset, NY
J&B Restaurant Partners of Long Island, LLC
9. 628 Miller Place - Miller Place, NY
J&B Restaurant Partners of Long Island, LLC
10. 630 Coram - Coram, NY
J&B Restaurant Partners of Long Island, LLC
11. 607 Mineola - Mineola, NY
J&B Restaurant Partners of Long Island II, LLC
12. 615 Franklin SQ - Franklin Square, NY
J&B Restaurant Partners of Long Island II, LLC
13. 620 StonyBrook - Stony Brook, NY
J&B Restaurant Partners of Long Island II, LLC
14. 622 Commack - Commack, NY
J&B Restaurant Partners of Long Island II, LLC

15. 624 Levittown - Levittown, NY
J&B Restaurant Partners of Long Island, LLC
16. 626 Riverhead - Riverhead, NY
J&B Restaurant Partners of Long Island II, LLC
17. 629 Smithtown - Smithtown, NY
J&B Restaurant Partners of Long Island II, LLC
18. 636 Mid Island - Middle Island, NY
J&B Restaurant Partners of Middle Island, LLC
19. 638 Mass Park - Massapequa Park, NY
J&B Restaurant Partners of Massapequa Park, LLC
20. 640 Shirley -Shirley, NY
J&B Restaurant Partners of Shirley, LLC

EXHIBIT C

SCHEDULED OF DARK STORE SALES

1. 608 West Babylon - West Babylon
J&B Restaurant Partners of Long Island, LLC
2. 609 Bayshore
J&B Restaurant Partners of Long Island II, LLC
3. 614 Farmingdale
J&B Restaurant Partners of Long Island, LLC
4. 616 Selden
J&B Restaurant Partners of Long Island, LLC

EXHIBIT C

SCHEDULE OF SALE-LEASEBACK TRANSACTIONS

1. 603 East Islip – EastIslip
J&B Restaurant Partners of Long Island, LLC
2. 611 Lake Ronkonkoma – LakeRonk
J&B Restaurant Partners of Long Island, LLC
3. 618 Baldwin – Baldwin
J&B Restaurant Partners of Long Island, LLC
4. 619 Sayville – Sayville
J&B Restaurant Partners of Long Island, LLC

EXHIBIT D

SCHEDULE OF CLOSED STORES

1. 359 Pompton Plains - Pompton Plains, NJ
J&B Restaurant Partners of NJ, LLC
2. 720 Rockaway - Rockaway, NJ
J&B Restaurant Partners of NJ, LLC
3. 771 Middletown NJ - Middletown, NJ
J&B Restaurant Partners of NJ, LLC
4. 1059 Hazlet - Hazlet, NJ
J&B Restaurant Partners of NJ, LLC
5. 604 E Northport - East Northport, NY
J&B Restaurant Partners of Long Island II, LLC
6. 606 Patchogue - Patchogue, NY
J&B Restaurant Partners of Long Island II, LLC
7. 625 N. Wantagh - N. Wantagh, NY
J&B Restaurant Partners of Long Island II, LLC
8. 627 N Babylon - N. Babylon, NY
J&B Restaurant Partners of Long Island II, LLC
9. 156 Bridgeport - Bridgeport, CT
J&B Restaurant Partners of CT, LLC

APPENDIX 1

DIP TERM SHEET

**Summary of Terms and Conditions for
Debtor-in-Possession Credit Facility and Use of Cash Collateral
January 6, 2015**

The following is a summary (this “**Term Sheet**”) of certain material terms of a proposed agreement to extend DIP Loans (defined below) to, and permit the use of cash collateral by, the Debtors (as defined below) in connection with cases proposed to be commenced in the United States Bankruptcy Court for the Southern District of New York, White Plains Division under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”). This Term Sheet does not contain all of the terms and provisions of the DIP Loans. Nothing in this Term Sheet is intended to be, and nothing in this Term Sheet shall be deemed to be, a solicitation of votes for any plan of reorganization or a sale or a solicitation of an offer to purchase any security of the Debtors.

Unless otherwise noted, section (§) references herein are to the Bankruptcy Code.

I. Parties

Debtors: J&B Partners Management LLC and those affiliates identified on Exhibit A to the *Summary of Plan Terms* (the “**Plan Term Sheet**”), as debtors and debtors-in-possession (each, excluding any such entity that instead files a petition for relief under chapter 7 of the Bankruptcy Code, a “**Debtor**” and collectively, the “**Debtors**”) in jointly administered cases (the “**Cases**”) to be filed on the date (the “**Petition Date**”) approved by the Debtors, the Existing Lender (defined below) and Friendly’s Franchising, LLC (the “**Franchisor**”) under chapter 11 of the Bankruptcy Code, in the United States Bankruptcy Court for the Southern District of New York, White Plains Division (the “**Bankruptcy Court**”).

Existing Lender: General Electric Capital Corporation, GE Capital Commercial of Utah LLC, and GE Capital Bank (collectively, the “**Existing Lender**”).

DIP Lender: General Electric Capital Corporation (the “**DIP Lender**”).

II. DIP Facility

Type/Amount: A revolving loan facility (the “**DIP Facility**”) in an aggregate principal amount not to exceed \$1,500,000 (the loan thereunder, the “**DIP Loan**”). The DIP Facility shall be secured by the DIP Collateral (defined below).

Availability/Purpose: Commencing on the Closing Date (defined below) and ending on the DIP Facility Termination Date (defined

below), and subject to the satisfaction of the conditions set forth in Section VI, the DIP Loan shall be made available to the Debtors from time to time in accordance with the DIP Documentation (defined below) for use in accordance with the Budget (defined below) to effectuate the restructuring described in the Debtors' Plan Term Sheet.

Maturity:

The earliest to occur of (i) the date that is thirty (30) days after the date on which an order confirming a plan of reorganization is entered by the Bankruptcy Court; (ii) the Effective Date (as defined in the Plan Term Sheet) of a plan of reorganization for the Debtors; (iii) any sale or transfer of a substantial portion of the DIP Collateral except as otherwise contemplated in the Plan Term Sheet; and (iv) the Commitment Termination Date (defined below) (such earliest date, the "**DIP Facility Termination Date**").

Available Cash:

The Debtors will use all cash available to them (the "**Available Cash**") to fund any Budget (as defined hereinafter) items before drawing on the DIP Loan unless, after giving effect to such funding with Available Cash, the amount of such Available Cash would be less than \$200,000 (the "**Minimum Amount**").

III. Budget; Certain Agreed Budget Items

All of the Debtors' operating and capital expenditures and cash flow shall be set forth in budgets prepared on a 13-week basis (each, a "**Budget**"), as may be modified from time to time with the consent of the DIP Lender. The initial Budget is included as part of the Business Plan attached to the Plan Term Sheet as Appendix 2. The Budget shall set forth expected receipts and all of the operating and capital expenditures to be made during each calendar week and in the aggregate for the period of time covered by the Budget. By no later than 3:00 p.m. prevailing Eastern Time of Wednesday of each calendar week, the Debtors shall provide to the DIP Lender: (i) an update and extension to the Budget satisfactory to the DIP Lender, and (ii) a variance report/reconciliation relating to the Budget and the amount of Available Cash for the preceding week and cumulative 13-week period or, if shorter, the preceding week(s) since the Petition Date (the "**Weekly Cash Flow Variance Report**"), in each case in the form attached hereto as Exhibit 1.

During any cumulative 13-week Budget period, or, if shorter, commencing with the fourth full week after the commencement of the Cases, absent express prior written consent of the DIP Lender, the Debtors (i) shall not permit any expenditure made during such period to exceed the projected amount of such category items ("category item" being defined as the following categories: disbursements, operating outflows, maintenance cap-ex, and total disbursements) contained in the Budget by 10% of such category item's projected percentage of revenue amount tested on a rolling 4-week basis; (ii) shall not permit aggregate expenditures to be greater than 105% of total projected percentage of revenue contained in the Budget; and (iii) shall have achieved on a rolling four-week basis for the Retained Stores (as adjusted on a pro rata basis to the extent there are fewer than 24 Retained Stores), 90% of Sales and Corporate EBITDA (as each such term is defined in the Business Plan attached to the Plan Term Sheet as Appendix 2). For purposes of determining compliance with this variance provision, Debtor Professional Fees (as defined below) shall not be included in the calculation.

Without limiting the DIP Lenders' general right to approve the Budget, the Budget shall provide, *inter alia*, for:

- payment of aggregate postposition legal fees for Debtors' legal counsel of \$250,000. The foregoing shall be in addition to amounts paid to Debtors' legal counsel for (i) legal services rendered prior to the Petition Date and (ii) and a retainer not to exceed \$50,000.
- payment to the CRO (as such term is defined in section 6(h) below) of fees in the aggregate amount of not more than \$23,000/week and expenses in the aggregate amount of not more than \$2,500/week for the five (5) weeks immediately following the Petition Date, followed by payment of fees in the aggregate amount of not more than \$13,000/week and expenses in the aggregate amount of not more than \$500 for each week thereafter until confirmation of the Plan;
- payment to an investment banking firm to be selected by the Debtors in an amount equal to actual fees (and expenses) charged at the investment banking firm's prevailing hourly rates, which fees shall be subject to a \$10,000 monthly cap; provided, however, that any unused portion of the monthly cap shall roll forward and be

available for use in other months. For the avoidance of doubt, no compensated services shall be rendered by such investment banker except on the request of, and with the approval of, the CRO. Notwithstanding the foregoing, the investment banking firm shall not be required to provide services if the provision of such services would exceed \$10,000 per week (subject to the roll-forward provision in subpart (i) above) based on the investment banking firm's prevailing rates as outlined on an engagement letter.

- in addition to the retainer and monthly fee described above, payment to such investment banking firm of a success fee in an amount not to exceed \$200,000 payable as follows: (i) \$100,000 on the Effective Date of the Plan and (ii) either (a) an additional \$100,000 on the closing and funding of real estate sales transactions by the Debtors as contemplated by the Plan Term Sheet, which yield Gross proceeds of at least \$9,000,000; or (b) an additional \$50,000 if the real estate sales transactions contemplated by the Plan Term Sheet yield Gross Proceeds yield less than \$9,000,000.

IV. Certain Payment Provisions

Interest Rate: The DIP Loan shall accrue interest at a rate per annum equal to ten percent (10%) which shall be payable monthly.

At any time when the Debtors are in default in the payment of any obligations due under the DIP Facility, such unpaid amount shall bear interest at a rate equal to eighteen percent 18% per annum and shall be payable upon demand.

All per annum rates shall be calculated on the basis of a year of 365 days, for actual days elapsed.

Commitment Fee: 1.0% of the aggregate DIP Facility commitment.

Unused Facility Fee: 1.0% per annum during the term of the DIP Facility.

Exit Fee: 1.0% of the original aggregate amount of the DIP Facility commitments.

Commitment Reductions: Commitments may be reduced by the Debtors in minimum amounts to be agreed upon and shall, to the extent the Debtors are permitted to retain such net proceeds for use in accordance with the Budget, be permanently reduced in an

amount equal to the net proceeds of any asset sales that occur outside the ordinary course of the Debtors' business.

V. Collateral

Priority and Collateral:

Pursuant to Bankruptcy Code § 364(c)(1), the DIP Lender will be granted a superpriority administrative claim over any and all administrative claims of the kind specified in Bankruptcy Code § 503(b) and § 507(b). As collateral for the DIP Loan (the "**DIP Collateral**"), the DIP Lender will be granted: (i) pursuant to Bankruptcy Code § 364(c)(2), a perfected first priority lien on all assets of the Debtors that are unencumbered as of the commencement of the Cases and the proceeds therefrom; and (ii) pursuant to Bankruptcy Code § 364(c)(3) of the Bankruptcy Code, a perfected junior lien on all assets of the Debtors that are encumbered by valid, perfected and non-avoidable liens as of the commencement of the Cases and the proceeds therefrom.

Carve-Out Expenses:

The "**Carve-Out Expenses**" shall be included in the Budget and shall be defined to mean: (i) all unpaid fees of the Clerk of the Bankruptcy Court and the U.S. Trustee pursuant to 28 U.S.C. § 1930(a); plus (ii) an amount equal to the allowed fees and expenses of retained professionals of the Debtors ("**Debtor Professional Fees**") incurred before the delivery of a Carve-Out Trigger Notice (as defined below) that are ultimately allowed by final order of the Court (whether allowed before or after the delivery of such notice), but solely to the extent the same are incurred in accordance with the Budget on a cumulative basis with respect to each professional; plus (iii) all allowed Debtor Professional Fees that are incurred from and after the delivery of a Carve-Out Trigger Notice in an aggregate amount of not more than \$50,000. The "Carve-Out Trigger Notice" shall mean a written notice delivered by the DIP Lender to counsel for the Debtors following the occurrence of an Event of Default expressly stating that the Carve-Out Expenses have been triggered (the "**Carve-Out Trigger Notice**").

The DIP Documentation shall provide that, upon delivery of a Carve-Out Trigger Notice, the DIP Lender shall fund an amount equal to the unpaid portion of the Carve-Out Expenses, including accrued and unpaid Debtor Professional Fees through the date of delivery of the Carve-Out Trigger Notice; provided, however, that nothing contained herein shall require the DIP Lender to advance an amount in excess of the aggregate DIP Facility commitments or to pay the

Debtors Professional Fees in excess of the limits set forth in the Budget. Any amount funded pursuant to the foregoing that is not utilized for the payment of fees and expenses of the professionals of the Debtors shall be returned to the DIP Lender within 180 days after delivery of the Carve-Out Trigger Notice.

Nothing herein shall constitute a waiver by the DIP Lender of its right to object to the fees and expenses of any professional retained by the Debtors, all such rights being specifically reserved.

No Budget shall include any fees or expenses incurred by any party, including the Debtors, or its or their professionals, in connection with the initiation or prosecution of any claims, causes of action, adversary proceedings, contested matter, objection, other litigation, or discovery against the Existing Lender and the DIP Lender or their advisors, agents or subagents, including, without limitation, challenging the amount, validity, perfection, priority or enforceability of, or asserting any defense, counterclaim or offset to, the obligations arising under the DIP Facility and the liens and claims thereunder in favor of the Existing Lender and the DIP Lender.

Use of Available Cash
and Cash Collateral:

Except for the accrual and payment of the Carve-Out Expenses, the Debtors shall not spend any cash, including cash collateral and Available Cash and shall not incur any debt or liability, except as approved pursuant to the Budget or permitted under the DIP Documentation. The DIP Loan shall not be available for direct borrowings unless the Debtors shall at the time of drawing thereunder have first used all of the Available Cash in excess of the Minimum Amount. The use of Available Cash by the Debtors shall terminate from and after acceleration of the DIP Facility by the DIP Lender upon the occurrence of an Event of Default under the DIP Documentation.

Adequate Protection:

The Existing Lender will be granted adequate protection to the extent of any diminution in the value of their collateral as of the Petition Date (the “**Pre-Petition Collateral**”, together with the DIP Collateral, the “**Collateral**”), including but not limited to any diminution in value resulting from (i) the use of the cash collateral pursuant to Bankruptcy Code § 363(a), (ii) the use, sale or lease of Pre-Petition Collateral (other than the cash collateral) pursuant

to Bankruptcy Code § 363(c), or (iii) the imposition of the automatic stay pursuant to Bankruptcy Code § 362(a), in the form of (a) the reimbursement of all reasonable and documented fees and expenses incurred by professionals for the Existing Lender including, without limitation, the reasonable disbursements of counsel and any financial consultant, advisor or expert advising the Existing Lender, (b) a lien immediately junior only to the lien granted to the DIP Lender on the DIP Collateral, (c) subject to payment of the Carve-Out Expenses, a superpriority claim pursuant to Bankruptcy Code § 507(b), (d) engagement by the Debtors of a CRO (defined below) with the powers and duties set forth herein, (e) inclusion of the Exit Milestones (defined below) and (f) inclusion of credit bidding rights in favor of the Existing Lender in connection with the sale of any of the Debtors' assets, whether conducted pursuant to Bankruptcy Code §§ 363 and 1129(b)(2)(A), or otherwise.

VI. Certain Conditions

Initial Conditions:

The initial availability of the DIP Facility shall be conditioned upon satisfaction or waiver of the following conditions precedent (the date upon which all such conditions precedent shall be satisfied or waived, the "**Closing Date**");

- (a) The Debtors shall have executed and delivered definitive financing documentation with respect to the DIP Facility that is satisfactory to the DIP Lender in all respects (the "**DIP Documentation**");
- (b) The Debtors shall have delivered the initial Budget that is satisfactory to the Existing Lender and to the DIP Lender in all respects;
- (c) Pursuant to the DIP Facility, the Debtors shall have released the Existing Lender, its former and current affiliates and its respective officers, directors, employees, advisors and agents, in a form of release that is satisfactory to the Existing Lender in all respects;
- (d) The Existing Lender and the DIP Lender shall have received all fees required to be paid, and all expenses for which invoices have been presented on or before the Closing Date;

- (e) The Bankruptcy Court shall have entered, upon motion in form and substance reasonably satisfactory to the Existing Lender and the DIP Lender, on such prior notice to such parties as may be satisfactory to the Existing Lender and the DIP Lender, an order of the Bankruptcy Court (the “**Interim Order**”), no later than five (5) business days after the date on which the Cases have been commenced, approving and authorizing the use of cash collateral and the DIP Facility and related transactions, all provisions thereof and the priorities and liens granted under Bankruptcy Code §§ 364(c), 364(d) and 503(b), as applicable, in form and substance satisfactory to the Existing Lender and the DIP Lender, and including without limitation, provisions (i) modifying the automatic stay to permit the creation and perfection of the liens of the DIP Lender and the Existing Lender on the DIP Collateral, without any further action, filing or recordation being required by the Debtors, the DIP Lender or the Existing Lender; (ii) after the occurrence and during the continuation of an Event of Default, providing for the automatic vacation of such stay to permit the enforcement of the DIP Lender’s remedies under the DIP Facility, including without limitation, the enforcement, upon five (5) business days’ prior written notice, of such remedies against the DIP Collateral, subject to the right of the Debtors to seek continuation of the automatic stay during such five (5) business days period, provided that any continuation of the automatic stay after such an Event of Default shall have no effect on the termination of the Debtors’ use of Available Cash (including cash collateral) as a result of such Event of Default; (iii) prohibiting following entry of the Final Order (defined below) approving the DIP Facility, the assertion of claims arising under Bankruptcy Code § 506(c) against the Existing Lender or the DIP Lender; (iv) prohibiting the incurrence of debt secured by liens with priority equal or senior to, the liens granted for the benefit of the DIP Lender against the DIP Collateral or the adequate protection liens granted to the Existing Lender; (v) prohibiting any granting or imposition of liens other than liens acceptable to the Existing Lender and to the DIP Lender and other than liens permitted to be granted or imposed pursuant to court order; (vi) subject to the limitations that are usual

and customary for financings of this type (including a challenge period available to creditors), determining the validity, enforceability, and priority of the liens granted by the Debtors in favor of the Existing Lender pursuant to the agreements and other documents evidencing, *inter alia*, the Debtors' obligations to the Existing Lender (the "**Existing Indebtedness**") and the Debtors' grant of liens in and to the Pre-Petition Collateral (the "**Existing Loan Documents**"); and (vii) authorizing and approving the DIP Facility and the transactions contemplated hereby, including without limitation the granting of the super-priority claims, the first-priority and priming security interests and liens upon the DIP Collateral and the payment of all fees and expenses due to the DIP Lender;

- (f) The Interim Order shall not have been reversed, modified or amended without the prior written consent of the Existing Lender and the DIP Lender or stayed, vacated or subject to any pending appeal;
- (g) The Debtors shall be in compliance with the Interim Order;
- (h) All of the "first day orders," and all related pleadings to be entered at the time of commencement of the Cases or shortly thereafter, shall be in form and substance satisfactory to the Existing Lender and the DIP Lender, including, but not limited to, a motion and proposed order of the Debtors authorizing the engagement by the Debtors of a Chief Restructuring Officer ("**CRO**") as the person responsible for managing the Debtors during the pendency of the Cases and maximizing the long-term value of the Debtors for the benefit of all stakeholders. The CRO shall have substantially all the powers vested in the Board of Managers of each of the Debtors and the following additional duties and responsibilities:
 - 1. Evaluate the Debtors' liquidity situation and assist Debtors' management with the preparation of the Budget;
 - 2. Assist the Debtors in preparing rolling 13 week cashflow projections and other

reporting required pursuant to the DIP Documentation;

3. Manage the Debtors' operations within the parameters of the Budget and the Business Plan attached to the Plan Term Sheet as Appendix 2;
4. Work with the Debtors' management, and other professionals and stakeholders to manage any sale of the Debtors' assets as contemplated by the Plan Term Sheet;
5. Assist the Debtors and direct legal counsel as necessary throughout the Cases including, without limitation, assisting the Debtors in the post-petition process and fulfilling their duties under the Bankruptcy Code, Court Orders and the DIP Documentation;
6. Participate in the development of a marketing plan and remodeling plan in consultation with existing senior management; and
7. Assist with the preparation of the Debtors' monthly operating reports and other periodic reporting required to be performed by the Debtors to comply with the applicable provisions of the Bankruptcy Code.

Nothing contained herein shall limit the Debtors' or the reorganized Debtors', as applicable, right to seek an order from the Bankruptcy Court to remove and replace the CRO, and the Plan shall provide that the Bankruptcy Court shall retain, for a period of not less than thirty-six (36) months following the Effective Date of the Plan, the authority to remove and replace the CRO; provided, however, that any such removal of the CRO by the Bankruptcy Court may, in accordance with the applicable loan documents, constitute an Event of Default under the DIP Facility and the GE Note, unless a replacement CRO is appointed in accordance with the CRO Replacement Procedures (as defined in the Plan Term Sheet).

- (i) Except as otherwise agreed by the DIP Lender, the Debtors shall have paid all taxes then due and payable that are liens against all or a portion of the Collateral, and no action shall have been taken against any portion of the Collateral with regard to eminent domain.

Termination:

If the Final Order is not entered within 60 days after the date of entry of Interim Order, all such extensions of credit together with accrued interest shall be due in full at that time.

On-Going Conditions:

The making of each extension of credit shall be conditioned upon (a) the accuracy of all representations and warranties in the DIP Documentation (including, without limitation, the material adverse change and litigation representations), (b) there being no default or event of default in existence at the time of, or after giving effect to the making of, such extension of credit, and (c) receipt by the DIP Lender of a certificate (a “**Borrowing Request**”) executed by the CRO to the effect that (i) the proposed extension of credit and its intended use are consistent in all material respects with the terms of the DIP Documentation and the Budget and are necessary, after utilization and application of Available Cash, to satisfy their obligations, (ii) the Debtors have observed or performed all of their covenants and other agreements and have satisfied in all material respects every condition contained in the DIP Documentation and the Interim Order or the Final Order (as applicable) to be observed, performed or satisfied by the Debtors, and (iii) such officer has no knowledge of any Event of Default or event, but for the passing of time or notice, that will result in an Event of Default under the DIP Documentation. As used herein and in the DIP Documentation a “material adverse change” shall mean any event, development or circumstance, including a significant weather event, that has had or could reasonably be expected to have a material adverse effect on (a) the business, assets, property or financial condition of the Debtors, or (b) the validity or enforceability of any of the DIP Documentation or the rights or remedies of the DIP Lender thereunder; provided, however, that no events related to the commencement and continuation of the Cases shall be deemed to constitute a material adverse change, and the existence of the automatic stay pursuant to Bankruptcy Code § 362 shall be considered in determining materiality.

The making of each extension of credit after sixty (60) days following the date on which the Bankruptcy Court enters the Interim Order, shall be subject to the further condition that a final order approving the DIP Facility shall have been entered by the Bankruptcy Court (the “**Final Order**”). The Final Order shall be in form and substance satisfactory to the Existing Lender and the DIP Lender, and shall approve and authorize on a final basis the matters and containing the provisions described in clause (f) of “Initial Conditions,” above, prohibit the assertion of claims arising under Bankruptcy Code § 506(c) against the Existing Lender or the DIP Lender by the Debtors or any person claiming through the Debtors including, without limitation, the Debtors’ legal counsel, advisors, investment bankers, and principals, and the Final Order shall not have been reversed, modified or amended without the prior written consent of the DIP Lender, stayed, vacated or subject to any pending appeal.

VII. Certain Documentation Matters

The DIP Documentation shall contain representations, warranties, covenants and events of default as set forth below:

Representations and Warranties:

Financial reporting required under the DIP Documentation and the Existing Loan Documents; absence of undisclosed liabilities; no material adverse change; corporate existence; compliance with law; corporate power and authority; enforceability of DIP Documentation; no conflict with law or contractual obligations; no undisclosed litigation; no default; ownership of property; liens (excluding liens permitted under the DIP Documentation); intellectual property; environmental matters; governmental approvals; quality of title; taxes; properties; agreements and liens (excluding liens permitted under the DIP Documentation); accuracy of disclosure; in each case, subject to materiality thresholds and exceptions as set forth in the DIP Documentation.

The Debtors shall recognize that the funds made available by the Existing Lender pursuant to the Existing Loan Documents are secured by valid, perfected, enforceable first-priority liens and security interests in the Pre-Petition Collateral granted by the Debtors to the Existing Lender, which liens and security interests are not subject to

challenge, subordination, defense, disallowance or otherwise avoidable. Any objection or challenge by any statutory committee appointed in the Cases, creditor, or party in interest in the Cases to Existing Lender's liens and security interests in the Pre-Petition Collateral must be made within ninety (90) days from the engagement of counsel for any official committee of unsecured creditors, or, if no counsel or no official committee of unsecured creditors is appointed, within one hundred twenty (120) days of the Petition Date. If any statutory committee appointed in the Cases, creditor, or party in interest in the Cases fails to challenge or object to the Existing Lender's liens and security interests in the Pre-Petition Collateral within such time period, such failure shall be deemed an acceptance of such liens and security interests and will waive such party's rights to challenge such liens and security interests.

Affirmative Covenants:

Delivery of monthly financial statements, reports and officers' certificates as required by the DIP Documentation and the Existing Loan Documents; timely payment of other material post-petition obligations; periodic reporting packages and other information reasonably requested by the Existing Lender and the DIP Lender including delivery of weekly updates and extensions to the Budget and delivery of the Weekly Cash Flow Variance Report and explanation (in each case in a form that is acceptable to the Existing Lender and the DIP Lender) as set forth in Section III above; continuation of business and maintenance of existence and material rights and privileges (including all permits and licenses); compliance with laws and material contractual obligations; maintenance of property and insurance; maintenance of books and records; right of the Existing Lender and the DIP Lender periodically to inspect property and books and records; notices of defaults, litigation and other material events; taxes; use of proceeds; collateral and security interests; perfection of security interests; separate corporate existence; and compliance with environmental laws, in the case of each of the foregoing, subject to materiality thresholds and exceptions set forth in the DIP Documentation.

In addition, the Debtors shall satisfy the following milestones (the milestones set forth in clauses (i) through (iv) below, the "**Exit Milestones**"):

- (i) The Debtors shall file a plan of reorganization (the "**Plan**") within thirty (30) days of the Petition Date;

(ii) The Bankruptcy Court shall have entered an order approving the disclosure statement (the “**Disclosure Statement**”) within sixty (60) days of the filing of the Plan;

(iii) The Bankruptcy Court shall have commenced the confirmation hearing with respect to the Plan within sixty (60) days of the approval by the Bankruptcy Court of the Disclosure Statement; and

(iv) The Bankruptcy Court shall have entered an order confirming the Plan within thirty (30) days of the commencement of the confirmation hearing.

The parties expressly acknowledge and agree that the foregoing Exit Milestones are subject to Bankruptcy Court availability, and that no Termination Event shall occur where the Debtors’ failure to satisfy one of the foregoing Exit Milestones was solely the result of the unavailability of necessary time on the Bankruptcy Court’s calendar and such Exit Milestone is nevertheless satisfied not more than 7 days after the deadline set forth above.

Negative Covenants:

Limitations on: indebtedness; liens (except as permitted under the DIP Documentation); guarantee obligations; mergers, consolidations, liquidations and dissolutions; sales of assets; leases; dividends and other payments in respect of capital stock; capital expenditures; investments, loans and advances; optional payments and modifications of other indebtedness and obligations; transactions with affiliates; sale and leasebacks; changes in fiscal year; negative pledge clauses; changes in lines of business; payment of pre-petition claims except as authorized by order of the Bankruptcy Court; and existence of any claims other than those of the Existing Lender and the DIP Lender entitled to superpriority under the Bankruptcy Code, in each case, subject to materiality thresholds and exceptions as mutually agreed by the Existing Lender and the DIP Lender and the Debtors.

The Debtors shall not spend any Available Cash or proceeds from the DIP Loan or incur debts or liabilities, except as set forth in the DIP Documentation and the Budget.

Events of Default:

Events of Default under the DIP Documentation shall include the following: nonpayment of principal when due; nonpayment of interest, fees or other amounts after a grace period to be agreed upon; material inaccuracy of

representations and warranties; violation of covenants; failure to comply with the Budget provisions set forth in Section III above; failure to satisfy the Exit Milestones set forth in Section VII above; material judgments (after taking into account insurance); filing of an objection or challenge by any party in interest in the Cases to the Existing Lender's liens and security interests in the Pre-Petition Collateral that is not dismissed or otherwise resolved in favor of the Existing Lender within 30 days; actual invalidity of any post-petition lien or security document; the entry of an order dismissing any Chapter 11 Case or converting any such case to a Chapter 7 case; the entry of an order appointing a trustee in any Chapter 11 Case; except for the Carve-Out Expenses, the entry of an order granting any other superpriority claim or lien equal or superior in priority to those granted for the benefit of the DIP Lender and the Existing Lender; the entry of an order granting relief from the automatic stay so as to allow a third party to proceed against any material asset or assets of the Debtors; the entry of an order staying, reversing, vacating or otherwise modifying (except with the prior written consent of the DIP Lender) the DIP Documentation, the Interim Order or the Final Order; the entry of an order appointing an examiner having enlarged powers (beyond those set forth under Bankruptcy Code § 1106(a)(3) and (4)); the entry of an order under Bankruptcy Code § 506(c) surcharging the DIP Collateral or the Pre-Petition Collateral; the issuance of any order by any governmental authority having or asserting jurisdiction over the Debtors or its business which adversely affects in any material respect the Debtors' business as currently operated; the filing of any pleading by the Debtors seeking, or otherwise consenting to, certain of the matters set forth above; failure of the Bankruptcy Court to enter an order authorizing the engagement of a CRO with the powers, duties and responsibilities set forth herein; failure of the Bankruptcy Court to enter the Final Order within 60 days after the date of entry of the Interim Order; failure by the Debtors to fulfill their obligations under the Interim Order and the Final Order; change of control; payment of prepetition claims without Bankruptcy Court order; proposal of any sale of the Debtors' assets outside the ordinary course that is not contemplated by the Plan Term Sheet, absent consent by the Existing Lender and the DIP Lender; and proposal of any sale of the Debtors' assets that does not preserve the Existing Lender's right to credit bid its pre-petition claim.

Termination and Remedies: Upon the occurrence of an Event of Default, the DIP Lender may, upon written notice to the Debtors, terminate the DIP Facility (the date of any such termination, the “**Commitment Termination Date**”), declare the DIP Loan to be immediately due and payable and exercise all rights and remedies under the DIP Documentation and the Interim Order or the Final Order, as applicable. The DIP Lender shall have customary remedies, including, without limitation, the right (after providing five (5) business days’ prior notice to the Debtors and any statutory committee of the occurrence of the Commitment Termination Date) to realize on all Collateral without the necessity of obtaining any further relief or order from the Bankruptcy Court. The Bankruptcy Court shall retain exclusive jurisdiction with respect to all matters relating to the exercise of rights and remedies under the DIP Documentation, the Existing Loan Documents, the Interim Order, the Final Order and with respect to the Pre-Petition Collateral and the DIP Collateral.

Cash Management: Subject to the Budget, the Debtors shall maintain a cash management system substantially identical to the cash management system that they maintained immediately prior to the Petition Date, including but not limited to, the maintenance of the accounts established in connection with the Existing Loan Documents and the related agreements. In connection with the foregoing, the Debtors shall seek the entry of appropriate first day orders, satisfactory to the Existing Lender and the DIP Lender in their discretion, providing for the continuation of the cash management system.

Hampton Bays: With respect to J&B Restaurant Partners of Hampton Bays, LLC (“**Hampton Bays LLC**”) and the Friendly’s store that is operated by such entity (the “**Hampton Bays Store**”), the Parties agree to the following:

- (a) Hampton Bays LLC is a non-debtor affiliate of the Debtors, and will not commence a Chapter 11 Case for itself on the Petition Date.
- (b) No proceeds of the DIP Loans will be allocated and/or used to pay any liabilities of Hampton Bays LLC or the Hampton Bays Store.
- (c) Neither DIP Lender’s nor Existing Lender’s cash collateral, as such term is defined in the Bankruptcy Code, will be utilized in connection with the

operation of, or to pay any liabilities of, Hampton Bays LLC or the Hampton Bays Store.

Expenses and
Indemnification:

The Debtors shall pay immediately upon written demand from the DIP Lender and without application to the Bankruptcy Court all reasonable and documented out-of-pocket expenses of the DIP Lender (including the reasonable and documented fees, disbursements and other charges of advisors or of counsel) in connection with the enforcement of the DIP Documentation; provided, however, that the legal fees and expenses of counsel to the DIP Lender (on a going forward basis commencing on the Petition Date) shall not exceed \$75,000 in the aggregate.


The DIP Lender (and its affiliates and its respective officers, directors, employees, advisors and agents) will have no liability for, and will be indemnified and held harmless against, any loss, liability, cost or expense incurred in respect of the financing contemplated hereby or the use or the proposed use of proceeds thereof (except to the extent resulting from the gross negligence, bad faith or willful misconduct of the indemnified party).

Governing Law:

State of New York

IN WITNESS WHEREOF, the parties have caused to be executed this Term Sheet by their duly authorized officers, as of the date first written above.

J&B PARTNERS MANAGEMENT LLC, for itself and
for each of the other Debtors identified on Exhibit A to the
Summary of Plan Terms

By:  _____

Name: Joseph Vitano

Title: Operating Manager Member

GENERAL ELECTRIC CAPITAL CORPORATION,
GE CAPITAL COMMERCIAL OF UTAH LLC, and
GE CAPITAL BANK, as Existing Lender

By: _____

Name: _____

Title: _____

GENERAL ELECTRIC CAPITAL CORPORATION,
as DIP Lender

By: _____

Name: _____

Title: _____

IN WITNESS WHEREOF, the parties have caused to be executed this Term Sheet by their duly authorized officers, as of the date first written above.

J&B PARTNERS MANAGEMENT LLC, for itself and
for each of the other Debtors identified on Exhibit A to the
Summary of Plan Terms

By: _____

Name: _____

Title: _____

**GENERAL ELECTRIC CAPITAL CORPORATION,
GE CAPITAL COMMERCIAL OF UTAH LLC, and
GE CAPITAL BANK**, as Existing Lender

By: _____

Name: DAVID A. BURGER

Title: Senior Vice President

GENERAL ELECTRIC CAPITAL CORPORATION,
as DIP Lender

By: _____

Name: DAVID A. BURGER

Title: Senior Vice President

EXHIBIT 1

**FORM OF
WEEKLY CASH FLOW VARIANCE REPORT**

Subject to change - for illustrative purposes only

[illegible]

APPENDIX 2

BUSINESS PLAN

JB Friendly's - P&L build by store by month, including remodels

24 Store model. Excludes Hampton Bays

Note: Margins are impacted by incremental revenue from remodels, as associated incremental expenses are taking out in a single line item

	36 Months Out of BK						01/31/15	02/28/15	03/31/15	04/30/15	05/31/15	06/30/15	07/31/15	08/31/15	09/30/15	10/31/15	11/30/15	12/31/15
	Full year 2015	P5 - P12 2015	Full year 2016	Full year 2017	Full year 2018	TTM P4 2018	P1 2015	P2 2015	P3 2015	P4 2015	P5 2015	P6 2015	P7 2015	P8 2015	P9 2015	P10 2015	P11 2015	P12 2015
Revenue	34,171,831	23,596,311	35,196,986	36,252,895	37,340,482	36,589,482	2,201,648	2,436,070	3,231,589	2,706,213	2,757,829	3,862,979	3,055,011	3,006,370	3,304,570	2,517,467	2,349,646	2,742,440
% growth, period over period	4.37%		3.00%	3.00%	3.00%													
Incremental revenue from remodels	74,287	74,287	692,372	1,307,092	1,701,199	1,518,954	0	0	0	0	0	0	0	0	0	0	37,143	37,143
Total Revenues	34,246,117	23,670,597	35,889,357	37,559,987	39,041,681	38,108,436	2,201,648	2,436,070	3,231,589	2,706,213	2,757,829	3,862,979	3,055,011	3,006,370	3,304,570	2,517,467	2,386,789	2,779,583
% growth, period over period	4.59%		4.80%	4.65%	3.94%													
Cost of sales	9,259,905	6,417,018	9,537,703	9,823,834	10,118,549	9,914,314	591,771	651,145	870,164	729,808	743,175	1,055,355	829,860	818,734	900,708	684,763	638,517	745,905
% of revenue	27.10%	27.20%	27.10%	27.10%	27.10%	27.10%	26.88%	26.73%	26.93%	26.97%	26.95%	27.32%	27.16%	27.23%	27.26%	27.20%	27.18%	27.20%
Gross profit	24,986,212	17,253,579	26,351,655	27,736,153	28,923,132	28,194,122	1,609,876	1,784,925	2,361,426	1,976,405	2,014,654	2,807,624	2,225,151	2,187,635	2,403,861	1,832,704	1,748,272	2,033,678
% margin	73.12%	73.12%	74.87%	76.51%	77.46%	77.06%	73.12%	73.27%	73.07%	73.03%	73.05%	72.68%	72.84%	72.77%	72.74%	72.80%	74.41%	74.16%
Labor and related costs	11,454,587	7,813,991	11,798,225	12,152,172	12,516,737	12,268,041	807,308	843,393	1,082,243	907,652	931,586	1,231,375	993,027	973,548	1,094,436	843,546	804,014	942,459
% of revenue	33.52%	33.12%	33.52%	33.52%	33.52%	33.53%	36.67%	34.62%	33.49%	33.54%	33.78%	31.88%	32.50%	32.38%	33.12%	33.51%	34.22%	34.37%
Supplies, including paper costs	1,099,378	754,100	1,132,359	1,166,330	1,201,320	1,177,319	76,346	74,784	108,400	85,749	94,455	119,345	94,512	91,802	109,868	80,532	75,460	88,129
% of revenue	3.22%	3.20%	3.22%	3.22%	3.22%	3.22%	3.47%	3.07%	3.17%	3.12%	3.42%	3.09%	3.11%	3.05%	3.31%	3.21%	3.21%	3.21%
Repairs & maintenance	642,231	422,489	661,498	681,343	701,783	688,337	64,627	61,267	48,202	45,646	44,025	59,203	61,435	47,178	71,530	51,866	41,160	46,092
% of revenue	1.88%	1.79%	1.88%	1.88%	1.88%	1.88%	2.94%	2.51%	1.49%	1.69%	1.60%	1.53%	2.01%	1.57%	2.16%	2.06%	1.75%	1.68%
Other controllable expenses	720,390	483,721	742,002	764,262	787,190	771,794	53,220	61,409	64,634	57,406	53,755	66,888	60,931	61,336	66,516	55,042	57,515	61,738
% of revenue	2.11%	2.05%	2.11%	2.11%	2.11%	2.11%	2.42%	2.52%	2.00%	2.12%	1.95%	1.73%	1.99%	2.04%	2.01%	2.19%	2.45%	2.25%
Property tax, CAM & insurance	1,482,388	1,086,901	1,526,860	1,572,666	1,619,846	1,585,253	143,514	110,767	85,713	55,493	377,756	73,327	130,335	118,802	56,689	46,732	226,570	56,689
% of revenue	4.34%	4.61%	4.34%	4.34%	4.34%	4.33%	6.52%	4.55%	2.65%	2.05%	13.70%	1.90%	4.27%	3.95%	1.72%	1.86%	9.64%	2.06%
Utilities & telephone	1,609,939	1,093,143	1,658,237	1,707,984	1,759,224	1,724,432	121,557	137,982	134,138	123,119	120,967	144,484	144,032	151,765	167,100	130,067	113,195	121,533
% of revenue	4.71%	4.63%	4.71%	4.71%	4.71%	4.71%	5.52%	5.66%	4.15%	4.55%	4.39%	3.74%	4.71%	5.05%	5.06%	5.17%	4.82%	4.43%
Advertising, local	161,500	111,089	166,345	171,335	176,475	172,939	10,657	11,791	15,218	12,744	12,982	18,174	14,380	14,146	15,561	11,858	11,067	12,921
% of revenue	0.47%	0.47%	0.47%	0.47%	0.47%	0.47%	0.48%	0.48%	0.47%	0.47%	0.47%	0.47%	0.47%	0.47%	0.47%	0.47%	0.47%	0.47%
Incremental remodel revenue expenses	44,572	44,572	415,423	784,255	1,020,719	911,572	0	0	0	0	0	0	0	0	0	0	22,286	22,286
% of revenue	0.13%	0.19%	1.18%	2.16%	2.73%	2.49%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.95%	0.81%
% of incremental revenue	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	60.00%	60.00%
Pre royalty/ad-fund SL EBITDAR	7,771,227	5,443,573	8,250,706	8,735,807	9,139,839	8,894,634	332,648	483,532	822,878	688,596	379,128	1,094,828	726,499	729,059	822,161	613,061	397,006	681,831
% margin	22.74%	23.07%	23.44%	24.10%	24.48%	24.31%	15.11%	19.85%	25.46%	25.44%	13.75%	28.34%	23.78%	24.25%	24.88%	24.35%	16.90%	24.86%
Cash rent, stores only	1,902,770	1,262,710	2,350,283	2,416,887	2,485,411	2,439,913	160,788	159,721	159,309	160,240	160,220	159,562	160,136	160,794	159,831	159,831	161,584	140,749
% of revenue	5.57%	5.35%	6.68%	6.67%	6.66%	6.67%	7.30%	6.56%	4.93%	5.92%	5.81%	4.13%	5.24%	5.35%	4.84%	6.35%	6.88%	5.13%
Pre royalty/ad-fund SL EBITDA	5,868,457	4,180,863	5,900,424	6,318,920	6,654,428	6,454,721	171,859	323,811	663,569	528,355	218,908	935,265	566,363	568,265	662,330	453,229	235,422	541,082
% margin	17.17%	17.72%	16.76%	17.43%	17.82%	17.64%	7.81%	13.29%	20.53%	19.52%	7.94%	24.21%	18.54%	18.90%	20.04%	18.00%	10.02%	19.73%
G&A, corporate	1,054,255	702,837	1,085,883	1,118,459	1,152,013	1,129,644	87,855	87,855	87,855	87,855	87,855	87,855	87,855	87,855	87,855	87,855	87,855	87,855
% of revenue	3.09%	2.98%	3.09%	3.09%	3.09%	3.09%	3.99%	3.61%	2.72%	3.25%	3.19%	2.27%	2.88%	2.92%	2.66%	3.49%	3.74%	3.20%
G&A, field	106,695	94,259	109,896	113,193	116,589	113,589	3,093	-2,907	10,507	1,743	3,611	7,677	8,202	5,362	1,174	5,367	19,218	43,648
% of revenue	0.31%	0.40%	0.31%	0.31%	0.31%	0.31%	0.14%	-0.12%	0.33%	0.06%	0.13%	0.20%	0.27%	0.18%	0.04%	0.21%	0.82%	1.59%
Hampton Bays mgmt (income)	-28,775	-20,462	-29,638	-30,528	-31,443	-30,792	-1,824	-1,847	-2,536	-2,106	-2,237	-3,203	-2,909	-2,894	-3,047	-2,026	-1,889	-2,256
% of revenue	-0.08%	-0.09%	-0.08%	-0.08%	-0.08%	-0.08%	-0.08%	-0.08%	-0.08%	-0.08%	-0.08%	-0.08%	-0.10%	-0.10%	-0.09%	-0.08%	-0.08%	-0.08%
Pre royalty/ad-fund Corporate EBITDA	4,736,282	3,404,229	4,734,284	5,117,796	5,417,270	5,242,281	82,736	240,710	567,743	440,863	129,679	842,936	473,215	477,942	576,348	362,034	130,238	411,835
% margin	13.86%	14.43%	13.45%	14.12%	14.51%	14.33%	3.76%	9.88%	17.57%	16.29%	4.70%	21.82%	15.49%	15.90%	17.44%	14.38%	5.54%	15.02%
Royalty	342,461	236,706	358,894	375,600	928,919	381,084	22,016	24,361	32,316	27,062	27,578	38,630	30,550	30,064	33,046	25,175	23,868	27,796
% of revenue	1.00%	1.00%	1.02%	1.04%	2.49%	1.04%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Ad fund	1,027,384	710,118	1,076,681	1,126,800	1,305,876	1,143,253	66,049	73,082	96,948	81,186	82,735	115,889	91,650	90,191	99,137	75,524	71,604	83,387
% of revenue	3.01%	3.01%	3.06%	3.11%	3.50%	3.12%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Corporate EBITDA before restructuring expenses	3,366,438	2,457,406	3,298,709	3,615,397	3,182,475	3,717,944	-5,330	143,267	438,480	332,615	19,366	688,417	351,015	357,688	444,166	261,336	34,767	300,652
% margin	9.85%	10.41%	9.37%	9.97%	8.52%	10.16%	-0.24%	5.88%	13.57%	12.29%	0.70%	17.82%	11.49%	11.90%	13.44%	10.38%	1.48%	10.96%

JB Friendly's - P&L build by store by month, including remodels

24 Store model. Excludes Hampton Bays

Note: Margins are impacted by incremental revenue from remodels, as associated incremental expenses are taking out in a single line item

	36 Months Out of Bk					01/31/16	02/29/16	03/31/16	04/30/16	05/31/16	06/30/16	07/31/16	08/31/16	09/30/16	10/31/16	11/30/16	12/31/16	01/31/17	02/28/17	03/31/17	04/30/17	05/31/17	06/30/17	07/31/17	08/31/17	
	Full year 2015	P5 - P12 2015	Full year 2016	Full year 2017	Full year 2018	TTM P4 2018	P1 2016	P2 2016	P3 2016	P4 2016	P5 2016	P6 2016	P7 2016	P8 2016	P9 2016	P10 2016	P11 2016	P12 2016	P1 2017	P2 2017	P3 2017	P4 2017	P5 2017	P6 2017	P7 2017	P8 2017
Revenue	34,171,831	23,596,311	35,196,986	36,252,895	37,340,482	36,589,482	2,267,697	2,509,152	3,328,537	2,787,399	2,840,564	3,978,868	3,146,661	3,096,561	3,403,707	2,592,991	2,420,135	2,824,713	2,335,728	2,584,427	3,428,393	2,871,021	2,925,781	4,098,235	3,241,061	3,189,458
% growth, period over period	4.37%		3.00%	3.00%	3.00%		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Incremental revenue from remodels	74,287	74,287	692,372	1,307,092	1,701,199	1,518,954	37,143	37,143	37,143	37,143	37,143	37,143	37,143	86,028	86,028	86,028	87,142	87,142	87,142	87,142	87,142	87,142	87,142	87,142	138,960	
Total Revenues	34,246,117	23,670,597	35,889,357	37,559,987	39,041,681	38,108,436	2,304,840	2,546,296	3,365,680	2,824,542	2,877,707	4,016,012	3,183,804	3,182,589	3,489,735	2,679,019	2,507,278	2,911,855	2,422,870	2,671,569	3,515,536	2,958,163	3,012,923	4,185,377	3,328,203	3,328,418
% growth, period over period	4.59%		4.80%	4.65%	3.94%		4.69%	4.52%	4.15%	4.37%	4.35%	3.96%	4.22%	5.86%	5.60%	6.42%	5.05%	4.76%	5.12%	4.92%	4.45%	4.73%	4.70%	4.22%	4.54%	4.58%
Cost of sales	9,259,905	6,417,018	9,537,703	9,823,834	10,118,549	9,914,314	609,524	670,679	896,269	751,702	765,470	1,087,016	854,756	843,296	927,730	705,306	657,673	768,282	627,810	690,799	923,157	774,253	788,434	1,119,626	880,398	868,595
% of revenue	27.10%	27.20%	27.10%	27.10%	27.10%	27.10%	26.88%	26.73%	26.93%	26.97%	26.95%	27.32%	27.16%	27.23%	27.26%	27.20%	27.18%	27.20%	26.88%	26.79%	26.93%	26.97%	26.95%	27.32%	27.16%	27.23%
Gross profit	24,986,212	17,253,579	26,351,655	27,736,153	28,923,132	28,194,122	1,695,316	1,875,617	2,469,412	2,072,840	2,112,237	2,928,996	2,329,048	2,339,292	2,562,005	1,973,713	1,849,605	2,143,573	1,795,060	1,980,770	2,592,379	2,183,910	2,224,489	3,065,751	2,447,805	2,459,822
% margin	73.12%	73.12%	74.87%	76.51%	77.46%	77.06%	74.76%	74.75%	74.19%	74.36%	74.36%	73.61%	74.02%	75.54%	75.27%	76.12%	76.43%	75.89%	76.85%	76.64%	75.61%	76.07%	76.03%	74.81%	75.52%	77.12%
Labor and related costs	11,454,587	7,813,991	11,798,225	12,152,172	12,516,737	12,268,041	831,527	868,695	1,114,711	934,882	959,534	1,268,317	1,022,818	1,002,754	1,127,269	868,852	828,134	970,732	856,473	894,756	1,148,152	962,928	988,320	1,306,366	1,053,503	1,032,837
% of revenue	33.52%	33.12%	33.52%	33.52%	33.52%	33.53%	36.67%	34.62%	33.49%	33.54%	33.78%	31.88%	32.50%	32.38%	33.12%	33.51%	34.22%	34.37%	36.67%	34.62%	33.49%	33.54%	33.78%	31.88%	32.50%	32.38%
Supplies, including paper costs	1,099,378	754,100	1,132,359	1,166,330	1,201,320	1,177,319	78,636	77,027	111,652	88,321	97,288	122,925	97,347	94,556	113,164	82,948	77,723	90,772	80,995	79,338	115,001	90,971	100,207	126,613	100,267	97,392
% of revenue	3.22%	3.20%	3.22%	3.22%	3.22%	3.22%	3.47%	3.07%	3.35%	3.17%	3.42%	3.09%	3.09%	3.05%	3.32%	3.20%	3.21%	3.21%	3.47%	3.07%	3.35%	3.17%	3.42%	3.09%	3.09%	3.05%
Repairs & maintenance	642,231	422,489	661,498	681,343	701,783	688,337	66,566	63,105	49,648	47,015	45,346	60,979	63,278	48,593	73,676	53,422	42,395	47,475	68,563	64,998	51,138	48,426	46,706	62,808	65,176	50,051
% of revenue	1.88%	1.79%	1.88%	1.88%	1.88%	1.88%	2.94%	2.51%	1.49%	1.69%	1.60%	1.53%	2.01%	1.57%	2.16%	2.06%	1.75%	1.68%	2.94%	2.51%	1.49%	1.69%	1.60%	1.53%	2.01%	1.57%
Other controllable expenses	720,390	483,721	742,002	764,262	787,190	771,794	54,817	63,251	66,573	59,128	55,368	68,895	62,759	63,176	68,511	56,693	59,240	63,590	56,461	65,149	68,570	60,902	57,029	70,961	64,642	65,071
% of revenue	2.11%	2.05%	2.11%	2.11%	2.11%	2.11%	2.42%	2.52%	2.00%	2.12%	1.95%	1.73%	1.99%	2.04%	2.01%	2.19%	2.45%	2.25%	2.42%	2.52%	2.00%	2.12%	1.95%	1.73%	1.99%	2.04%
Property tax, CAM & insurance	1,482,388	1,086,901	1,526,860	1,572,666	1,619,846	1,585,253	147,819	114,900	88,284	57,158	389,089	75,527	134,245	122,366	58,390	48,134	233,367	58,390	152,254	117,513	90,932	58,873	400,761	77,793	138,273	126,307
% of revenue	4.34%	4.61%	4.34%	4.34%	4.34%	4.33%	6.52%	4.55%	2.65%	2.05%	13.70%	1.90%	4.27%	3.95%	1.72%	1.86%	9.64%	2.07%	6.52%	4.55%	2.65%	2.05%	13.70%	1.90%	4.27%	3.95%
Utilities & telephone	1,609,939	1,093,143	1,658,237	1,707,984	1,759,224	1,724,432	125,204	142,121	138,162	126,813	124,596	148,819	148,353	156,318	172,113	133,969	116,591	125,179	128,960	146,385	142,307	130,617	128,334	153,283	152,804	161,007
% of revenue	4.71%	4.63%	4.71%	4.71%	4.71%	4.71%	5.52%	5.66%	4.15%	4.55%	4.39%	3.74%	4.71%	5.05%	5.06%	5.17%	4.82%	4.43%	5.52%	5.66%	4.15%	4.55%	4.39%	3.74%	4.71%	5.05%
Advertising, local	161,500	111,089	166,345	171,335	176,475	172,939	10,977	12,145	15,675	13,126	13,372	18,719	14,811	14,570	16,028	12,214	11,399	13,308	11,307	12,510	16,145	13,520	13,773	19,281	15,255	15,007
% of revenue	0.47%	0.47%	0.47%	0.47%	0.47%	0.47%	0.48%	0.48%	0.47%	0.47%	0.47%	0.47%	0.47%	0.47%	0.47%	0.47%	0.47%	0.47%	0.48%	0.48%	0.47%	0.47%	0.47%	0.47%	0.47%	0.47%
Incremental remodel revenue expenses	44,572	44,572	415,423	784,255	1,020,719	911,372	22,286	22,286	22,286	22,286	22,286	22,286	22,286	51,617	51,617	51,617	52,285	52,285	52,285	52,285	52,285	52,285	52,285	52,285	52,285	83,376
% of revenue	0.13%	0.19%	1.18%	2.16%	2.73%	2.49%	0.98%	0.89%	0.67%	0.80%	0.78%	0.56%	0.71%	1.67%	1.52%	1.99%	2.16%	1.85%	2.24%	2.02%	1.53%	1.82%	1.79%	1.28%	1.61%	2.61%
% of incremental revenue	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%
Pre royalty/ad-fund SL EBITDAR	7,771,227	5,443,573	8,250,706	8,735,807	9,139,839	8,894,634	357,485	512,895	862,422	724,111	405,359	1,142,530	763,151	785,342	881,237	665,864	428,470	721,840	387,763	547,836	907,848	765,388	437,074	1,196,360	805,600	829,043
% margin	22.74%	23.07%	23.44%	24.10%	24.48%	24.31%	15.76%	20.44%	25.91%	25.98%	14.27%	28.71%	24.25%	25.36%	25.89%	25.68%	17.70%	25.55%	16.60%	21.20%	26.48%	26.66%	14.94%	29.19%	24.86%	25.99%
Cash rent, stores only	1,902,770	1,262,710	2,350,283	2,416,887	2,485,411	2,439,913	198,148	197,049	196,624	197,583	197,563	196,885	197,476	198,154	197,162	197,162	198,968	177,508	203,767	202,635	202,198	203,186	203,164	202,466	203,075	203,773
% of revenue	5.57%	5.35%	6.68%	6.67%	6.66%	6.67%	8.74%	7.85%	5.91%	7.09%	6.96%	4.95%	6.28%	6.40%	5.79%	7.60%	8.22%	6.28%	8.72%	7.84%	5.90%	7.08%	6.94%	4.94%	6.27%	6.39%
Pre royalty/ad-fund SL EBITDA	5,868,457	4,180,863	5,900,424	6,318,920	6,654,428	6,454,721	159,337	315,846	665,797	526,528	207,796	945,645	565,675	587,188	684,075	468,702	229,502	544,332	183,996	345,201	705,651	562,203	233,909	993,893	602,524	625,269
% margin	17.17%	17.72%	16.76%	17.43%	17.82%	17.64%	7.03%	12.59%	20.00%	18.89%	7.32%	23.77%	17.98%	18.96%	20.10%	18.08%	9.48%	19.27%	7.88%	13.36%	20.58%	19.58%	7.99%	24.25%	18.59%	19.60%
G&A, corporate	1,054,255	702,837	1,085,883	1,118,459	1,152,013	1,129,644	90,490	90,490	90,490	90,490	90,490	90,490	90,490	90,490	90,490	90,490	90,490	90,490	93,205	93,205	93,205	93,205	93			

JB Friendly's - P&L build by store by month, including remodels

24 Store model. Excludes Hampton Buys

Note: Margins are impacted by incremental revenue from remodels, as associated incremental expenses are taking out in a single line item

	36 Months Out of Bk					09/30/17	10/31/17	11/30/17	12/31/17	01/31/18	02/28/18	03/31/18	04/30/18	05/31/18	06/30/18	07/31/18	08/31/18	09/30/18	10/31/18	11/30/18	12/31/18	
	Full year 2015	P5 - P12 2015	Full year 2016	Full year 2017	Full year 2018	TTM P4 2018	P9 2017	P10 2017	P11 2017	P12 2017	P1 2018	P2 2018	P3 2018	P4 2018	P5 2018	P6 2018	P7 2018	P8 2018	P9 2018	P10 2018	P11 2018	P12 2018
Revenue	34,171,831	23,596,311	35,196,986	36,252,895	37,340,482	36,589,482	3,505,818	2,670,781	2,492,740	2,909,454	2,405,800	2,661,960	3,531,245	2,957,152	3,013,554	4,221,182	3,338,293	3,285,141	3,610,993	2,750,904	2,567,522	2,996,738
% growth, period over period	4.37%		3.00%	3.00%	3.00%		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Incremental revenue from remodels	74,287	74,287	692,372	1,307,092	1,701,199	1,518,954	138,960	138,960	140,108	140,108	140,108	140,108	140,108	140,108	140,108	140,108	140,108	143,129	143,129	143,129	145,529	145,529
Total Revenues	34,246,117	23,670,597	35,889,357	37,559,987	39,041,681	38,108,436	3,644,778	2,809,741	2,632,847	3,049,562	2,545,908	2,802,067	3,671,353	3,097,259	3,153,662	4,361,289	3,478,400	3,428,270	3,754,121	2,894,033	2,713,050	3,142,266
% growth, period over period	4.59%		4.80%	4.65%	3.94%		4.44%	4.88%	5.01%	4.73%	5.08%	4.88%	4.43%	4.70%	4.67%	4.20%	4.51%	3.00%	3.00%	3.00%	3.05%	3.04%
Cost of sales	9,259,905	6,417,018	9,537,703	9,823,834	10,118,549	9,914,314	955,562	726,465	677,403	791,331	646,644	711,523	950,851	797,480	812,088	1,153,215	906,810	894,653	984,228	748,259	697,725	815,071
% of revenue	27.10%	27.20%	27.10%	27.10%	27.10%	27.10%	27.26%	27.20%	27.18%	27.20%	26.88%	26.73%	26.93%	26.97%	26.95%	27.32%	27.16%	27.23%	27.26%	27.20%	27.18%	27.20%
Gross profit	24,986,212	17,253,579	26,351,655	27,736,153	28,923,132	28,194,122	2,689,217	2,083,276	1,955,445	2,258,231	1,899,263	2,090,544	2,720,502	2,299,779	2,341,574	3,208,074	2,571,590	2,533,617	2,769,893	2,145,774	2,015,326	2,327,196
% margin	73.12%	73.12%	74.87%	76.51%	77.46%	77.06%	76.71%	78.00%	78.45%	77.62%	78.95%	78.53%	77.04%	77.77%	77.70%	76.00%	77.03%	77.12%	76.71%	78.00%	78.49%	77.66%
Labor and related costs	11,454,587	7,813,991	11,798,225	12,152,172	12,516,737	12,268,041	1,161,087	894,918	852,978	999,854	882,167	921,598	1,182,596	991,816	1,017,969	1,345,557	1,085,108	1,063,822	1,195,920	921,766	878,567	1,029,850
% of revenue	33.52%	33.12%	33.52%	33.52%	33.52%	33.53%	33.12%	33.51%	34.22%	34.37%	36.67%	34.62%	33.49%	33.54%	33.78%	31.88%	32.50%	32.38%	33.12%	33.51%	34.22%	34.37%
Supplies, including paper costs	1,099,378	754,100	1,132,359	1,166,330	1,201,320	1,177,319	116,559	85,436	80,055	93,496	83,425	81,718	118,451	93,700	103,213	130,411	103,275	100,314	120,055	87,999	82,457	96,301
% of revenue	3.22%	3.20%	3.22%	3.22%	3.22%	3.22%	3.21%	3.20%	3.21%	3.21%	3.47%	3.17%	3.35%	3.17%	3.42%	3.09%	3.09%	3.05%	3.32%	3.20%	3.21%	3.21%
Repairs & maintenance	642,231	422,489	661,498	681,343	701,783	688,337	75,886	55,025	43,667	48,899	70,620	66,948	52,672	49,879	48,107	64,693	67,132	51,553	78,163	56,675	44,977	50,366
% of revenue	1.88%	1.79%	1.88%	1.88%	1.88%	1.88%	2.16%	2.06%	1.75%	1.68%	2.94%	2.51%	1.49%	1.69%	1.60%	1.53%	2.01%	1.57%	2.16%	2.06%	1.75%	1.68%
Other controllable expenses	720,390	483,721	742,002	764,262	787,190	771,794	70,567	58,394	61,018	65,408	58,155	67,103	70,627	62,729	58,740	73,090	66,581	67,024	72,684	60,146	62,848	67,463
% of revenue	2.11%	2.05%	2.11%	2.11%	2.11%	2.11%	2.01%	2.19%	2.45%	2.25%	2.42%	2.52%	2.00%	2.12%	1.95%	1.73%	1.99%	2.04%	2.01%	2.19%	2.45%	2.25%
Property tax, CAM & insurance	1,482,388	1,086,901	1,526,860	1,572,666	1,619,846	1,585,253	60,142	49,578	240,368	60,142	156,822	121,038	93,660	60,639	412,784	80,127	142,421	129,818	61,946	51,066	247,579	61,946
% of revenue	4.34%	4.61%	4.34%	4.34%	4.34%	4.33%	1.72%	1.86%	9.64%	2.07%	6.52%	4.55%	2.65%	2.05%	13.70%	1.90%	4.27%	3.95%	1.72%	1.86%	9.64%	2.07%
Utilities & telephone	1,609,939	1,093,143	1,658,237	1,707,984	1,759,224	1,724,432	177,276	137,988	120,089	128,934	132,829	150,777	146,576	134,535	132,184	157,882	157,388	165,838	182,595	142,128	123,691	132,802
% of revenue	4.71%	4.63%	4.71%	4.71%	4.71%	4.71%	5.06%	5.17%	4.82%	4.43%	5.52%	5.66%	4.15%	4.55%	4.39%	3.74%	4.71%	5.05%	5.06%	5.17%	4.82%	4.43%
Advertising, local	161,500	111,089	166,345	171,335	176,475	172,939	16,509	12,580	11,741	13,708	11,646	12,885	16,629	13,925	14,186	19,859	15,713	15,458	17,004	12,958	12,094	14,119
% of revenue	0.47%	0.47%	0.47%	0.47%	0.47%	0.47%	0.47%	0.47%	0.47%	0.47%	0.48%	0.48%	0.47%	0.47%	0.47%	0.47%	0.47%	0.47%	0.47%	0.47%	0.47%	0.47%
Incremental remodel revenue expenses	44,572	44,572	415,423	784,255	1,020,719	911,372	83,376	83,376	84,065	84,065	84,065	84,065	84,065	84,065	84,065	84,065	84,065	85,877	85,877	85,877	87,317	87,317
% of revenue	0.13%	0.19%	1.18%	2.16%	2.73%	2.49%	2.38%	3.12%	3.37%	2.89%	3.49%	3.16%	2.38%	2.84%	2.79%	1.99%	2.52%	2.61%	2.38%	3.12%	3.40%	2.91%
% of incremental revenue	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%
Pre royalty/ad-fund SL EBITDAR	7,771,227	5,443,573	8,250,706	8,735,807	9,139,839	8,894,634	927,815	705,980	461,465	763,636	419,536	584,412	955,224	808,490	470,326	1,252,391	849,908	853,914	955,649	727,160	475,796	787,032
% margin	22.74%	23.07%	23.44%	24.10%	24.48%	24.31%	26.47%	26.43%	18.51%	26.25%	17.44%	21.95%	27.05%	27.34%	15.61%	29.67%	25.46%	25.99%	26.47%	26.43%	18.53%	26.26%
Cash rent, stores only	1,902,770	1,262,710	2,350,283	2,416,887	2,485,411	2,439,913	202,752	202,752	204,611	182,508	209,548	208,382	207,932	208,949	208,927	208,208	208,836	209,555	208,502	208,502	210,418	187,651
% of revenue	5.57%	5.35%	6.68%	6.67%	6.66%	6.67%	5.78%	5.59%	8.21%	6.27%	8.71%	7.83%	5.89%	7.07%	6.93%	4.93%	6.26%	6.38%	5.77%	7.58%	8.20%	6.26%
Pre royalty/ad-fund SL EBITDA	5,868,457	4,180,863	5,900,424	6,318,920	6,654,428	6,454,721	725,063	503,229	256,853	581,128	209,988	376,029	747,292	599,541	261,399	1,044,182	641,073	644,359	747,147	518,657	265,378	599,381
% margin	17.17%	17.72%	16.76%	17.43%	17.82%	17.64%	20.68%	18.84%	10.30%	19.97%	8.73%	14.13%	21.16%	20.27%	8.67%	24.74%	19.20%	19.61%	20.69%	18.85%	10.34%	20.00%
G&A, corporate	1,054,255	702,837	1,085,883	1,118,459	1,152,013	1,129,644	93,205	93,205	93,205	93,205	96,001	96,001	96,001	96,001	96,001	96,001	96,001	96,001	96,001	96,001	96,001	96,001
% of revenue	3.09%	2.98%	3.09%	3.09%	3.09%	3.09%	2.66%	3.49%	3.74%	3.20%	3.99%	3.61%	2.72%	3.25%	3.19%	2.27%	2.88%	2.92%	2.66%	3.49%	3.74%	3.20%
G&A, field	106,695	94,259	109,896	113,193	116,589	113,589	1,245	5,694	20,388	46,306	3,380	-3,177	11,481	1,905	3,946	8,389	8,963	5,859	1,283	5,865	21,000	47,695
% of revenue	0.31%	0.40%	0.31%	0.31%	0.31%	0.31%	0.04%	0.21%	0.82%	1.59%	0.14%	-0.12%	0.33%	0.06%	0.13%	0.20%	0.27%	0.18%	0.04%	0.21%	0.82%	1.59%
Hampton Buys mgmt (income)	-28,775	-20,462	-29,638	-30,528	-31,443	-30,792	-3,233	-2,150	-2,004	-2,399	-1,993	-2,018	-2,771	-2,301	-2,444	-3,500	-3,179	-3,163	-3,330	-2,214	-2,064	-2,465
% of revenue	-0.08%	-0.09%	-0.08%	-0.08%	-0.08%	-0.08%	-0.09%	-0.08%	-0.08%	-0.08%	-0.08%	-0.08%	-0.08%	-0.08%	-0.08%	-0.08%	-0.10%	-0.10%	-0.09%	-0.08%	-0.08%	-0.08%
Pre royalty/ad-fund Corporate EBITDA	4,736,282	3,404,229	4,734,284	5,117,796	5,417,270	5,242,281	633,846	406,480	145,264	444,011	112,601	285,223	642,581	503,936	163,896	943,292	539,288	545,662	653,193	419,006	150,441	458,150
% margin	13.86%	14.43%	13.45%	14.12%	14.51%	14.33%	18.08%	15.22%	5.83%	15.26%	4.68%	10.71%	18.20%	17.04%	5.44%	22.35%	16.15%	16.61%	18.09%	15.23%	5.86%	15.29%
Royalty	342,461	236,706	358,894	375,600	928,919	381,084	36,448	28,097	26,2													

JB 13 Week Cash Flow Model

Weekly Cash Flow Analysis (Bankruptcy Period)

	1	2	3	4	5	6	7	8	9	10	11	12	13	
Beginning of week -->	1/5/2015 Mon 2015-2 Forecast	1/12/2015 Mon 2015-3 Forecast	1/19/2015 Mon 2015-4 Forecast	1/26/2015 Mon 2015-5 Forecast	2/2/2015 Mon 2015-6 Forecast	2/9/2015 Mon 2015-7 Forecast	2/16/2015 Mon 2015-8 Forecast	2/23/2015 Mon 2015-9 Forecast	3/2/2015 Mon 2015-10 Forecast	3/9/2015 Mon 2015-11 Forecast	3/16/2015 Mon 2015-12 Forecast	3/23/2015 Mon 2015-13 Forecast	3/30/2015 Mon 2015-14 Forecast	Total 13 WCF Forecast
Weekly Cash Flow Forecast														
Beginning Balance (Book), pre-DIP	205,922	35,289	(359,334)	(336,920)	(876,750)	(851,879)	(1,363,224)	(1,188,301)	(1,317,247)	(1,309,827)	(1,217,774)	(1,088,093)	(1,140,450)	205,922
<i>Beginning Balance (Book), post-DIP</i>	205,922	1,035,289	640,666	663,080	615,417	640,288	128,943	303,866	163,369	170,788	262,842	392,522	340,165	205,922
Receipts														
Cash Receipts	430,035	255,179	268,094	246,338	235,460	254,736	324,337	284,041	279,040	298,863	301,417	297,329	292,430	3,767,299
Credit Card	273,284	284,684	328,864	268,941	238,077	295,371	341,096	327,577	299,039	334,424	325,683	327,217	322,861	3,967,118
Sales Tax Collection	40,202	43,262	47,836	41,202	37,883	43,949	53,457	48,917	46,167	50,612	50,256	49,815	49,073	602,631
Rebates	0	0	0	0	0	0	250,000	0	0	0	0	0	0	250,000
Hampton Bays mgmt income	0	0	0	1,748	0	0	0	1,848	0	0	0	0	2,255	5,851
FF&E recovery	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Selden real estate, net proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Receipts	743,520	583,125	644,795	558,229	511,421	594,056	968,890	662,383	624,245	683,899	677,356	674,361	666,618	8,592,898
Disbursements														
Food costs	224,284	204,629	188,539	143,925	167,618	144,026	156,223	148,241	147,736	208,107	167,692	172,633	181,329	2,254,982
Supplies	23,964	22,219	20,719	15,178	17,969	15,348	17,660	15,741	15,232	22,823	18,221	18,174	19,569	242,818
Sub-total	248,247	226,848	209,258	159,104	185,588	159,374	173,882	163,983	162,968	230,930	185,913	190,807	200,898	2,497,800
Sales Tax payments	0	0	96,071	167,201	0	0	61,868	125,912	0	0	61,296	129,751	0	642,099
Ad fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Royalty	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CC Fees	6,559	6,832	7,893	6,455	5,714	7,089	8,186	7,862	7,177	8,026	7,816	7,853	7,749	95,211
Bank fees	0	6,500	0	2,300	0	0	6,500	2,300	0	0	6,500	0	2,300	26,400
LSM	0	0	16,767	0	0	0	12,706	0	0	0	12,263	0	0	41,736
Rent	0	140,815	0	168,960	0	0	0	0	168,960	0	0	0	168,960	647,696
Utilities	41,866	29,316	45,877	36,339	35,063	22,336	47,333	63,237	35,097	18,155	19,071	9,145	80,341	483,176
Labor	208,581	304,051	192,394	172,787	178,033	169,470	230,488	196,923	187,245	197,010	196,972	216,700	200,651	2,651,305
Insurance	162,000	80,000	0	145,000	0	80,000	0	145,000	0	80,000	0	0	120,000	812,000
R&M	11,246	12,475	13,107	12,043	11,511	12,454	15,856	13,886	13,642	14,611	14,736	14,536	14,297	174,401
Other	5,828	136,465	6,792	26,241	5,965	81,453	8,217	7,196	7,069	7,571	7,636	7,532	7,408	315,372
Property Taxes	130,888	0	0	0	31,131	19,493	0	30,121	0	0	0	0	5,720	217,354
FUTA / SUTA	0	0	0	167,604	0	0	0	0	0	0	0	0	0	167,604
Field G&A	7,202	7,710	7,488	7,290	6,809	7,580	9,234	8,172	7,932	8,806	8,737	8,498	8,326	103,785
Corp. G&A	20,274	20,274	20,274	20,274	20,274	20,274	20,274	20,274	20,274	20,274	20,274	20,274	20,274	263,564
Operating Outflows	842,691	971,287	615,920	1,091,597	480,089	579,523	594,546	784,866	610,365	585,384	541,214	605,097	836,924	9,139,502
Operating Cashflow ("OCF")	(99,171)	(388,162)	28,875	(533,368)	31,332	14,532	374,344	(122,484)	13,881	98,515	136,142	69,265	(170,306)	(546,604)
Maint. Capex	6,462	6,462	6,462	6,462	6,462	6,462	6,462	6,462	6,462	6,462	6,462	6,462	6,462	84,000
Total Debt, Interest and Capex	6,462	6,462	6,462	6,462	6,462	6,462	6,462	6,462	6,462	6,462	6,462	6,462	6,462	84,000
Total Filing, Legal, FA and Associated Fees Fees	50,000	0	0	0	0	0	192,960	0	0	0	0	115,160	0	358,120
Deferred rent on stores to remain open	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred prop. tax on stores to remain open	0	0	0	0	0	519,416	0	0	0	0	0	0	0	519,416
GE, DIP Commitment, Exit and Unused Fees	15,000	0	0	0	0	0	0	0	0	0	0	0	0	15,000
Total Disbursements	914,153	977,748	622,382	1,098,058	486,550	1,105,401	793,967	791,328	616,826	591,845	547,676	726,718	843,386	10,116,038
Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Change in Cash	(170,633)	(394,623)	22,413	(539,829)	24,871	(511,345)	174,923	(128,945)	7,419	92,054	129,680	(52,357)	(176,767)	(1,523,140)
Ending Balance (Book), pre-DIP	35,289	(359,334)	(336,920)	(876,750)	(851,879)	(1,363,224)	(1,188,301)	(1,317,247)	(1,309,827)	(1,217,774)	(1,088,093)	(1,140,450)	(1,317,218)	(1,317,218)
DIP drawdown (receipt)	1,000,000	0	0	500,000	0	0	0	0	0	0	0	0	0	1,500,000
DIP interest paid (disbursement)	0	0	0	7,833	0	0	0	11,552	0	0	0	0	12,795	32,180
Ending Balance (Book), post-DIP	1,035,289	640,666	663,080	615,417	640,288	128,943	303,866	163,369	170,788	262,842	392,522	340,165	150,602	150,602

NOTE: This 13 week forecast represents the first 13 weeks of a contemplated 17-week postpetition period.